Office of the Comptroller General

Fiscal Year 2011-2012
Accountability Report

State of South Carolina

State of South Carolina

Office of Comptroller General

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COMPTROLLER GENERAL

JAMES M. HOLLY
CHIEF OF STAFF

September 17, 2012

LETTER OF TRANSMITTAL

Office of State Budget
Attention: Karen Rhinehart
Edgar A. Brown Building
1205 Pendleton Street, Suite 529
Columbia, South Carolina 29201

Dear Ms. Rhinehart:

I am pleased to submit the Comptroller General's Office Annual Accountability Report for Fiscal Year 2011-2012.

The Comptroller General is the state's chief fiscal and accounting officer. The Office provides fiscal controls over receipt and disbursement of public funds; reports annually on the financial operations and condition of state government; and provides fiscal guidance to state agencies.

The Comptroller General, Chief of Staff, Deputy Comptroller General, and division directors comprise the agency's senior management team. Senior managers routinely review requirements by customers and stakeholders including, among others, the General Assembly, credit rating services, Government Finance Officers Association of the United States and Canada, and the Internal Revenue Service to determine performance expectations.

The Comptroller General's Office is dedicated to providing fiscal accountability and informational assistance to the Governor, members of the General Assembly, other state officials, and the general public. If additional information regarding this report is needed, please contact Kristi Hornsby at 734-5011.

Respectfully Submitted,

James M. Holly
Chief of Staff

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SECTION I - EXECUTIVE SUMMARY

1. MISSION, VISION, AND VALUES

The Comptroller General's Office mission is to:

- Serve the Legislature, Judiciary, Executive offices, state agencies, and the citizens of South Carolina by providing centralized payroll and vendor payment processing and centralized accounting and reporting of financial data in accordance with the statewide program budget structure mandated by the General Assembly and in accordance with Generally Accepted Accounting Principles (GAAP).

The Comptroller General's Office vision is:

- To be recognized as the leading source for useful financial information that promotes government transparency and accountability.

The agency's core values are teamwork, integrity, innovation, and effort that goes "above and beyond."

2. MAJOR ACHIEVEMENTS FOR FY 2011-2012

- Issued a Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011 that earned a "Certificate of Achievement for Excellence in Financial Reporting" from the Government Finance Officers Association of the United States and Canada (GFOA).

- Supported the Statewide legacy accounting system (STARS) and the new SCEIS accounting system. The resources to maintain both systems has and continues to be a significant task for the agency given existing reduced resources. The interface between SCEIS and STARS requires a "cross walk" of almost every transaction between the two systems and reconciliation of those transactions.

- Continued to support the Budget and Control Board's statewide enterprise information system (SCEIS) project that will provide a comprehensive statewide platform for managing the state's financial, procurement, and human resources activities. The SCEIS project, mandated by the SC Legislature (Act 151 of 2005), is designed to move the state toward a comprehensive common system for managing the State. Continued to assist the SCEIS project team with converting all agencies to the Financial Accounting/Materials Management and the Human Resources/Payroll SCEIS system (SAP) modules. Conversion for each agency included implementing a document management or "imaging" system. Assisted SCEIS with the successful implementation of SCEIS among all state agencies, except the legislative branch.

- Increased government transparency by allowing citizens to use the Internet to see how state agencies spend public money. Maintained a website that includes both annual and monthly data detailing individual agency expenditures, including purchases made with the state's authorized credit card (also known as purchasing and procurement card). The Comptroller General's Spending Transparency website received the Notable State Document Award from the State Library.

- Maintained the SC Stimulus website to keep South Carolinians informed on the American Recovery and Reinvestment Act (ARRA) enacted by Congress in February 2009.

- Processed statewide payroll on the dates mandated by state law 100% of the time for state employees. Also, deposited payroll withholdings within required time frames, and submitted accurate financial information on time to the Internal Revenue Service and other agencies 100% of the time.

- Received no exceptions in audits of procurement, personnel, and IT.

- Increased transparency by maintaining all Purchasing Card transactions for state agencies, technical colleges and institutions of higher education on the Comptroller General's website. Improved process for monitoring agencies' use of merchant category codes to monitor use of state's authorized purchasing card. Led effort with the B&CB Materials Management Office to increase financial rebates to the State. See pages 33 & 34.

- Continued to encourage and work with public higher education institutions, local governments and school districts to post their disbursement registers on the Internet. Hosts a Local Government/School District Spending Transparency webpage to encourage participation in the transparency initiative. Also hosts a public higher educational institution spending transparency webpage.

- Chaired the South Carolina Military Base Task Force and continued to effectively support the State's four military communities (Beaufort, Charleston, Columbia, & Sumter). Ongoing efforts in the areas of encroachment mitigation and improving military quality of life (Interstate Compact for Military Children) continue to provide significant positive impacts on South Carolina's military-friendly environment which has national recognition at the Department of Defense. In light of the overall economic environment and the positive economic impacts of added military investment, the Task Force continues to work closely with the Department of Commerce and local economic development leaders to enhance defense-related economic development.

- Provided analysis, data and reports to the House Ways and Means Committee on Other Funds and year-end balances by agency for three fiscal years.

3. KEY STRATEGIC GOALS FOR FY 2011-2012 AND FUTURE

- While the accomplishments to date for SCEIS are significant, SCEIS will continue to require support from the Comptroller General's Office until the legislative branch is using the new system. Seventy-two agencies are on SCEIS.
- Continue to make the State's audited financial information available as soon as possible and find ways to reduce the time required to prepare and issue the State's CAFR.
- Concerns for next year include some continuing State budget support for the S.C. Military Base Task Force chaired by the Comptroller General. Due to General Fund budget reductions, new funds for the Military Task Force have not been appropriated in the last four fiscal years, and the military communities in South Carolina and the State need to begin their work to prepare for the expected Federal efforts to close or reduce the missions of military bases throughout the nation.
- Continue to develop innovative and cost effective ways of expanding financial transparency.
- Discontinuance of STARS by June 30, 2013, which is contingent on several factors including final conversion of the legislative branch to SCEIS, converting or interfacing specialized activities at several agencies to SCEIS and implementation of additional data edits and procedures for SCEIS.

4. STRATEGIC CHALLENGES

The agency has faced a unique challenge maintaining trained and qualified staff to operate the legacy Statewide Accounting and Reporting System (STARS) while, at the same time, implementing the new South Carolina Enterprise Information System (SCEIS). This challenge has placed a strain on staff due to a reduced work force. STARS will be retired in FY 2013 unless circumstances prevent it. When the budget allows, the agency recruits new employees with professional and management credentials who can immediately contribute to the long term operations of the new SCEIS system, and respond to the increasing complexity of the State's financial operations. Recent budget reductions have had a direct adverse impact on office operations and the ability to maintain the current level of services.

Any additional cuts will have a profound impact on office operations. Additional cuts will likely result in a delay in processing payments to all vendors for the State, payroll services will decrease, the CAFR (crucial to State's bond rating agencies) will be delayed, and accounting services in performing and supporting accounting transactions will diminish.

5. HOW THE ACCOUNTABILITY REPORT IS USED TO IMPROVE ORGANIZATIONAL PERFORMANCE

The agency uses the Accountability Report to monitor, measure, and document the agency's progress in obtaining goals. Various benchmarking measures provide pertinent information to the agency. Division directors are aware of agency goals and use these goals as targets throughout the year which emphasize customer satisfaction.

SECTION II - ORGANIZATIONAL PROFILE

1. MAIN PRODUCTS AND SERVICES AND THE PRIMARY DELIVERY METHOD

Provide centralized accounting and reporting of financial data in accordance with the statewide program budget structure mandated by the General Assembly and in accordance with Generally Accepted Accounting Principles (GAAP).

2. KEY CUSTOMER GROUPS AND THEIR KEY REQUIREMENTS/EXPECTATIONS

CUSTOMER	**KEY REQUIREMENTS/EXPECTATIONS**
BOND RATING AGENCIES	Issue a Comprehensive Annual Financial Report.
CITIZENS	Provide transparency and accountability.
EMPLOYEES	Provide career development, training, well-being, and motivation as budget permits.
GENERAL ASSEMBLY	Maintain a centralized accounting and financial reporting system and provide financial data.
GOVERNOR	Provide accountability, financial data, and technical assistance.
MEDIA	Provide transparency, accountability, and financial data as requested.
STATE AGENCIES	Provide a new accounting, payroll, and financial reporting system to reduce paper.
UNITED STATES GOVERNMENT	Provide accountability and financial data as requested.

3. KEY STAKEHOLDER GROUPS

Our customers are our stakeholders.

4. KEY SUPPLIERS AND PARTNERS

- State agencies (including universities)
- Local governments
- Independent auditors

5. OPERATION LOCATIONS

The Comptroller General's Office is located on one floor in the Wade Hampton Building in Columbia, South Carolina. We have no satellite offices.

6. NUMBER OF EMPLOYEES SEGMENTED BY EMPLOYEE CATEGORY

At the end of fiscal year 2011-2012 the Comptroller General's Office had a total of 47 authorized FTEs. During the fiscal year, the office lost six FTE's primarily from the Financial Reporting Division due to retirement, employees leaving for higher paying positions, and budget reductions. Of the current 26 filled FTEs, two were unclassified positions and twenty four were classified. In addition, our agency had personnel in five temporary full time and part-time positions. The agency plans to recruit candidates to fill vacant FTE's for crucial positions as the budget permits. Without these positions being filled, the level of services the office is required to maintain will deteriorate.

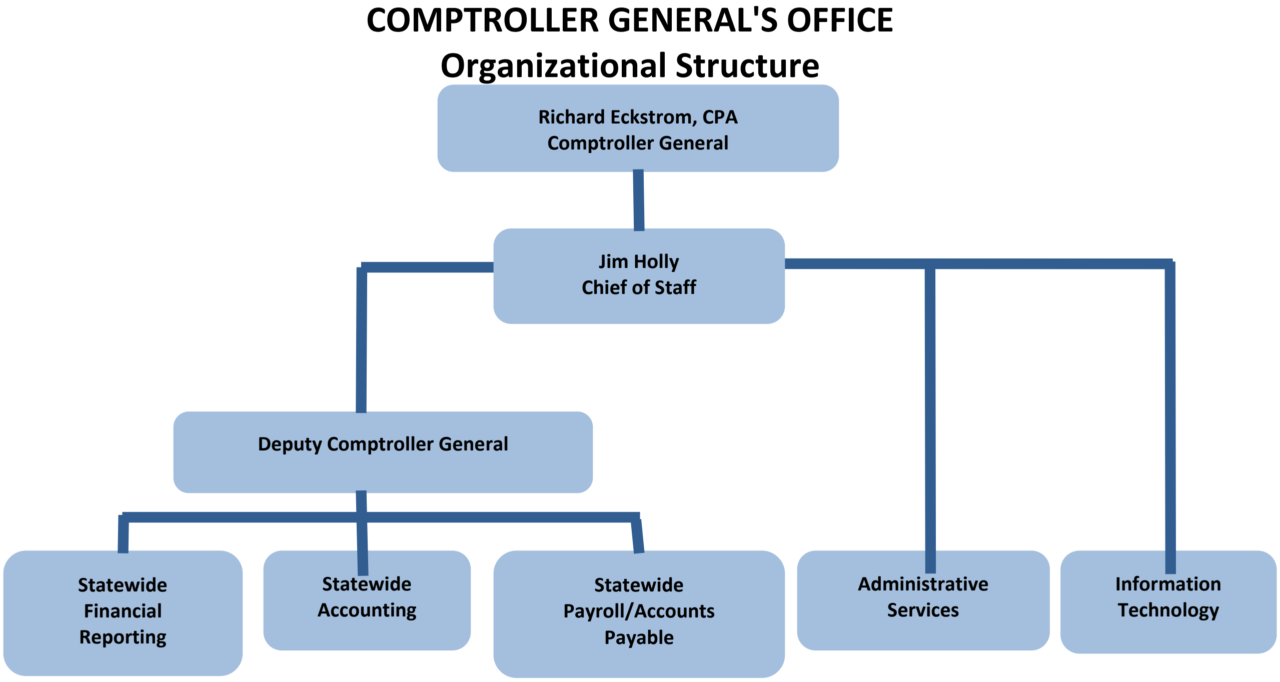
7. REGULATORY OPERATING ENVIRONMENT

The regulatory environment the agency operates under includes the General Assembly, bond rating agencies, Government Finance Officers Association of the United States and Canada (GFOA), Generally Accepted Accounting Principles (GAAP), the Governmental Accounting Standards Board (GASB), and the Internal Revenue Service.

8. PERFORMANCE IMPROVEMENT SYSTEM(S)

The Comptroller General and senior management develop the strategic plan and set the agency's vision. Since senior managers are involved in the day-to-day workflow, they are able to monitor progress and identify problems quickly. The Chief of Staff, the Deputy Comptroller General, and the division directors meet weekly to review long and short-term projects, and to discuss priorities and improvements that may be needed to accomplish organizational objectives, including financial, operational, customer, and employee measures and objectives.

9. ORGANIZATIONAL STRUCTURE



10. EXPENDITURES/APPROPRIATIONS CHART

Base Budget Expenditures and Appropriations

	10-11 Actual Expenditures		11-12 Actual Expenditures		12-13 Appropriations Act	
Major Budget Categories	**Total Funds**	**General Funds**	**Total Funds**	**General Funds**	**Total Funds**	**General Funds**
Personal Service	$2,278,260	*$1,966,286*	$1,767,587	*$1,396,937*	$1,915,532	*$1,598,532*
Other Operating	$ 367,282	*$ 0*	$ 376,456	*$ 44,306*	$ 436,517	*$ 7,664*
Special Items	-	-	-	-	-	-
Permanent Improvements	-	-	-	-	-	-
Case Services	-	-	-	-	-	-
Distributions to Subdivisions	-	-	-	-	-	-
Fringe Benefits	$ 623,399	*$ 482,077*	$ 475,560	*$ 402,192*	$ 503,147	*$ 409,000*
Non-recurring	-	-	-	-	-	-
Total	$3,268,941	*$2,156,040*	$2,619,603	*$1,843,435*	$2,855,196	*$2,015,196*

Other Expenditures

Sources of Funds	10-11 Actual Expenditures	11-12 Actual Expenditures
Supplemental Bills	-	-
Capital Reserve Funds	-	-
Bonds	-	-

11. MAJOR PROGRAM AREAS CHART

Program Number and Title	Major Program Area Purpose (Brief)	FY 10-11 Budget Expenditures	FY11-12 Budget Expenditures	Key Cross References for Financial Results*
II	**Statewide Payroll / Accounts Payable** Provide centralized payroll for state employees. Review requests for reimbursement from state agencies to ensure compliance with state law.	State: $ 621,576 Federal: - Other: 243,960 Total: $ 865,536 27% of Total Budget	State: $ 551,763 Federal: - Other: 137,179 Total: $ 688,942 26% of Total Budget	Pages 29-34
IV	**Information Technology** Provide information technology application development, maintenance, production control, local area network and PC support. Applications include all statewide accounting and payroll functions	State: $ 94,449 Federal: - Other: 446,367 Total: $ 540,816 17% of Total Budget	State: $ 50,099 Federal: - Other: 262,203 Total: $ 312,302 12% of Total Budget	Pages 35-38
III	**Statewide Financial Reporting** Provide centralized reporting of the state's financial activities. Produce the state's Comprehensive Annual Financial Report.	State: $ 228,690 Federal: - Other: 171,701 Total: $ 400,391 12% of Total Budget	State: $ 235,932 Federal: - Other: 206,761 Total: $ 442,693 17% of Total Budget	Pages 39-43
V	**Statewide Accounting Services** Provide centralized accounting of the state's financial activities. Monitor agencies financial activities to ensure compliance with the Annual Appropriation Act. Respond to FOIA requests.	State: $ 275,546 Federal: - Other: 44,523 Total: $ 320,069 10% of Total Budget	State: $ 276,173 Federal: - Other: 29,980 Total: $ 306,153 12% of Total Budget	Pages 44-46
I	**Administrative Services** Provide executive leadership and administrative services to support the agency's functions.	State: $ 406,887 Federal: - Other: 65,028 Total: $ 471,915 15% of Total Budget	State: $ 327,276 Federal: - Other: 66,677 Total: $ 393,953 15% of Total Budget	Pages 47-48
	Remainder of Expenditures: Employer Contributions	State: $ 482,077 Federal: - Other: 141,322 Total: $ 623,399 19% of Total Budget	State: $ 402,192 Federal: - Other: 73,368 Total: $ 475,560 18% of Total Budget	

*Key Cross-References are a link to Category 7- Key Results.

SECTION III - ELEMENTS OF MALCOLM BALDRIGE AWARD CRITERIA

CATEGORY 1 - SENIOR LEADERSHIP, GOVERNANCE, AND SOCIAL RESPONSIBILITY

The Comptroller General is a statewide elected position. The Comptroller General, Chief of Staff, Deputy Comptroller General, and division directors comprise the agency's senior management team. Senior management develops the strategic plan and determines the agency's vision. Senior managers routinely review requirements by customers and stakeholders such as the General Assembly, bond rating agencies, GFOA, and the Internal Revenue Service to determine the performance expectations. These expectations significantly influence the agency's short and long-term direction. Senior management meets weekly. See Strategic Planning Chart on page 13.

1.1. How do senior leaders set, deploy and ensure two-way communication throughout the organization and with customers and stakeholders, as appropriate for: (a) short and long term organizational direction and organizational priorities, (b) performance expectations, (c) organizational values, and (d) ethical behavior?

Senior management communicates direction, performance expectations, and organizational values through the Employee Performance Management System (EPMS), correspondence, policies, other management, and staff meetings. Expected ethical behavior is communicated to employees through employee evaluations, one-on-one communications, and staff meetings.

1.2. How do senior leaders establish and promote a focus on customers and other stakeholders?

Senior management recognizes the importance of employee and customer satisfaction. Senior leaders strive to foster an environment where employees are treated with respect and believe that their contributions are appreciated. Additionally, senior management emphasizes performance expectations to employees. Staff meetings, performance reviews, and informal discussions are the primary methods used to communicate the focus on customers and stakeholders. Customer satisfaction surveys are conducted periodically and the results are made available to staff.

1.3. How does the organization address the current and potential impact on the public of its programs, services, facilities and operations, including associated risks?

The agency's primary responsibility is to account for and report on the state's financial activities. Senior management communicates frequently with suppliers and stakeholders to discuss the agency's service requirements. The services required, scope of work, intended results, impact on stakeholders, and associated risks are discussed. Senior management and all applicable parties (e.g. customers, suppliers, stakeholders) work together to accomplish the desired outcome.

1.4. How do senior leaders maintain fiscal, legal, and regulatory accountability?

The majority of the agency's service requirements are mandated by state legislation, federal regulations, bond rating agencies, and authoritative accounting organizations. Furthermore, many of the mandates require the delivery of a service or product within a specified time frame. The agency's processes are routinely reviewed both internally and by external parties (e.g. independent auditors) to ensure timely results.

While not mandated, the Comptroller General initiated and coordinated monthly meetings with the State Treasurer's Office, State Budget Office, the Board of Economic Advisors, and the Department of Revenue to review revenue compliance with State Appropriations Act and increase accountability and accurate reporting.

1.5. What performance measures do senior leaders regularly review to inform them on needed actions?

Senior management regularly reviews the agency's customer satisfaction level, response time, and document turnaround time. The time and resources needed to produce the Comprehensive Annual Financial Report is reviewed annually. Senior management pays particular attention to ensuring that the agency's efforts and resources are focused on complying with all applicable mandates.

1.6. How do senior leaders use organizational performance review findings and employee feedback to improve their own leadership effectiveness, the effectiveness of management throughout the organization including the head of the organization, and the governance board/policy making body? How do their personal actions reflect a commitment to organizational values?

Senior leaders discuss the results of reviews performed by external auditors and others to evaluate management effectiveness. Audits, with no exceptions, provide the positive feedback needed to ensure that the agency's processes are effective. The Comptroller General's Office also uses staff meetings, periodic customer satisfaction surveys, and employee performance reviews to evaluate management effectiveness. In instances where the need for improvement is noted, senior leaders evaluate the comments and take the action necessary for improvement. Senior leaders set appropriate examples through their work ethic and commitment to a high level of performance.

1.7. How do senior leaders promote and personally participate in succession planning and the development of future organizational leaders?

Senior management recognizes the need for succession planning to successfully manage the anticipated loss of experienced staff and job knowledge in the next few years and is actively recruiting new employees with training and experience who can make immediate contributions. In light of the anticipated turnover, senior management identified areas where additional cross training could aid in the development of future organizational leaders. Senior managers also strive to identify and implement more efficient practices. Any additional budget cuts will directly impact succession planning and organizational development.

1.8. How do senior leaders create an environment for performance improvement and the accomplishment of strategic objectives?

Senior managers are involved in the day-to-day workflow processes. This enables them to monitor progress and identify problems quickly. If it is determined that agency performance measures are not being met, the management team evaluates causes and develops an improvement plan, if needed, that considers customer needs and expectations, financial constraints, available human resources, and operational capabilities. The division directors are responsible for communicating both priorities and improvement plans to the staff through staff meetings, performance evaluations, informal discussions, and written communications.

1.9. How do senior leaders create an environment for organizational and workforce learning?

SCEIS has provided an opportunity for the agency to have an "enterprise solution" for managing the state's financial and human resources. Senior management has used SCEIS as a tool to create learning opportunities. These opportunities however, have required extra effort within <u>all</u> divisions as the agency continues to maintain STARS. Staff has been cross trained in an effort to expand their knowledge base and enhance efficiencies in the day-to-day operations.

1.10. How do senior leaders engage, empower, and motivate the entire workforce throughout the organization? How do senior leaders take an active role in reward and recognition processes to reinforce high performance throughout the organization?

The size of the Comptroller General's Office allows the senior management to quickly evaluate the needs of the agency. Regular staff meetings and employee performance reviews serve as effective communication tools to recognize and reward performance within the agency.

1.11. How do senior leaders actively support and strengthen the communities in which your organization operates? Include how senior leaders determine areas of emphasis for organizational involvement and support, and how senior leaders, the workforce, and the organization contribute to improving these communities.

The agency supports the community through participation in the annual United Way Campaign and the Good Health Appeal. Also, many of our employees voluntarily participate in blood drives and participate in various civic activities. Each employee determines his/her areas of community activity.

CATEGORY 2 – STRATEGIC PLANNING

2.1 What is your Strategic Planning process, including key participants, and how does it address: (a) your organization's strengths, weaknesses, opportunities, and threats; (b)financial, regulatory, societal, and other potential risks;(c) shifts in technology, and customer preferences; (d) workforce capabilities and needs;(e)organizational continuity in emergencies; (f) your ability to execute the strategic plan?

The Comptroller General and senior management are responsible for formulating the agency's strategic direction. The strategic plan is aligned with the agency's mission, vision, and values. Each year, senior management reviews accounting and financial reporting requirements mandated by such stakeholders as the General Assembly, the Governor, the Government Finance Officers Association of the United States and Canada (GFOA), the Governmental Accounting Standards Board (GASB), and the Federal Government. Senior management formulates strategies based on input from staff members, state agencies, and other customers. Senior management determines what needs to be done, the expected completion time, and the estimated staff hours required.

2.2. How do your strategic objectives address the strategic challenges you identified in your Executive Summary?

The number of filled positions at June 30, 2012 is alarmingly low due to normal attrition, TERI, employees leaving for higher paying positions, and budget reductions. To ensure the strategic objectives are being met, senior manager's review and monitor benchmarks to determine appropriate staffing levels. Succession planning includes replacing several key positions. The agency is actively recruiting new employees with training and experience who can make immediate contributions.

2.3. How do you develop and track action plans that address your key strategic objectives, and how do you allocate resources to ensure the accomplishment of your action plans?

Senior managers prioritize tasks and establish work schedules. The tasks, priority, timelines, and completion dates are communicated to employees through staff meetings, performance evaluations, other management, and written communications. Senior managers are responsible for ensuring that agency resources are used efficiently and that the functions performed are aligned with the strategic direction. Performance measures emphasized include customer satisfaction, cycle time, and cost savings/cost avoidance.

2.4. How do you communicate and deploy your strategic objectives, action plans, and related performance measures?

See answer to question 2.3 above.

2.5. How do you measure progress on your action plans?

See answer to question 2.3 above.

2.6. How do you evaluate and improve your strategic planning process?

The agency continues to develop performance measures and seek benchmarks that will enable it to assess the agencies progress in achieving goals and demonstrate to our stakeholders what is being accomplished with dollars invested in this agency. See the Strategic Planning Chart on page 13.

2.7. If the agency's strategic plan is available to the public through the agency's internet homepage, please provide a website address for that plan.

The agency's strategic plan is not available in one document on the Internet. However, several documents that relate to the strategic plan include the Annual Accountability Report, Comprehensive Annual Financial Report, and the Comptroller General's Accounting Policies and Procedures are available at www.cg.sc.gov.

Strategic Planning Chart

Program Number And Title	Supported Agency Strategic Planning Goal/Objective	Related FY 10-11 Key Agency Action Plan/Initiative(s)	Key Cross References for Performance Measures*
II Statewide Payroll/Accounts Payable	Verify the validity, authenticity, and legality of requests for payments submitted by agencies and process statewide payroll accurately and timely.	Process disbursement requests submitted by agencies within four business days.	Pages 29-34
IV Information Technology	Provide efficient, cost effective information technology support for the agency; and provide computer interface with other state agencies.	Perform activities at a cost that compares favorably with the estimated cost of contracting with other state agencies.	Pages 35-38
III Statewide Financial Reporting	Produce the State of South Carolina's Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2009-2010 on a timely basis. Receive the Certificate of Achievement for Excellence in Financial Reporting.	Produce a CAFR that is in accordance with generally accepted accounting principles and includes all accounting standards required by the Governmental Accounting Standards Board.	Page 39-43
V Statewide Accounting Services	Provide centralized accounting of the state's financial activities in accordance with the program structure mandated by the South Carolina General Assembly.	Establish and maintain 100% of the accounts required to account for the state's financial activities in accordance with the annual Appropriation Act. Respond to FOIA requests within an average of five business days.	Page 44-46
I through V **I. Administrative Services** **II. Statewide Payroll / AP** **V. Statewide Acct. Services** **III. Statewide Fin. Reporting** **IV. Information Technology**	Deliver services accurately and timely. Meet 100% of mandated requirements.	Maintain the highest possible customer satisfaction level.	Page 25-28

*Key Cross-References are a link to Category 7- Key Results.

CATEGORY 3- CUSTOMER FOCUS

3.1. How do you determine who your customers are and what their key requirements are?

The majority of our service requirements are mandated by state legislation, federal regulations, bond rating agencies, and authoritative accounting organizations. Senior management regularly reviews accounting and financial reporting requirements issued by these entities to determine their expectations, identify services required to be performed by the agency, and determine our customers. Additionally, through participation in professional organizations, senior leaders exchange information with and receive feedback from our suppliers, customers, and stakeholders. Our key customers and their requirements are listed on page 4.

3.2. How do you keep your listening and learning methods current with changing customer/business needs and expectations?

As a statewide elected official and member of the National Association of State Comptroller's Executive Committee, the Comptroller General is frequently asked to address citizen groups. He also meets with members of the General Assembly, the Budget and Control Board, the media, and bond rating agencies. The Comptroller General uses these opportunities to communicate with customers and stakeholders to make certain that the agency's service delivery is aligned with their needs and expectations.

Also, members of senior management annually participate in forums held by professional accounting and related organizations. In addition, many of our employees have daily contact with our customers. Employees are encouraged to use this contact as a means of determining customer satisfaction. Feedback received from this communication is passed on to senior management. The feedback is evaluated to assess the agency's effectiveness in service delivery and meeting customer expectations. When needed, advisory groups, ad hoc task forces, and/or professional advisors are used to ensure that service requirements and customer expectations are met. Recently, the agency involved representatives from other agencies to review and comment on annual reporting packages sent to them to complete.

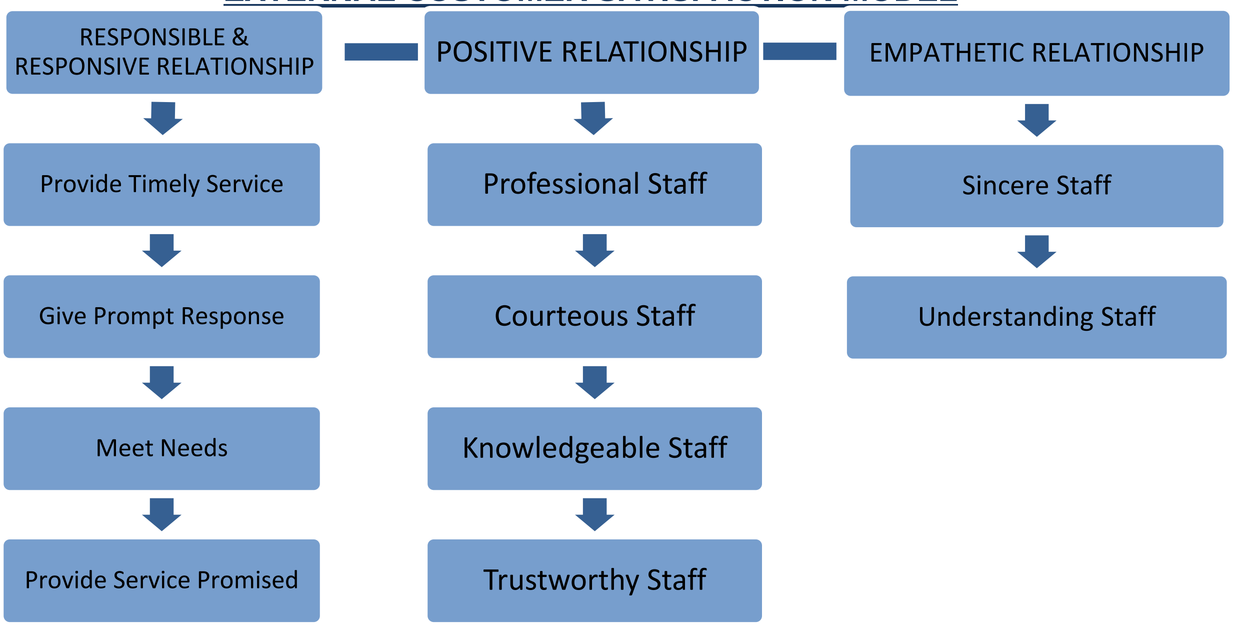
3.3. What are your key customer access mechanisms, and how do these access mechanisms enable customers to seek information, conduct business, and make complaints?

The agency regularly receives and responds to calls, letters, and Emails from media, government officials and citizens. The agency's website and survey serve as mechanisms to obtain information as well as receive feedback. The SC Stimulus Tracking, State Agency Spending, and Local Government/School District Spending Transparency websites expand the information available to government officials and citizens as well as increase transparency and accountability. Similarly, Purchasing Card transactions by agency are placed on the website in an effort to provide greater transparency and accountability.

3.4. How do you measure customer/stakeholder satisfaction and dissatisfaction, and use this information to improve?

Customer satisfaction and or dissatisfaction are measured using surveys, meetings and feedback from customers, and complaint resolution efforts. Ongoing communication provides feedback on how customers' requirements and expectations can best be filled.

EXTERNAL CUSTOMER SATISFACTION MODEL



3.5. How do you use information and feedback from customers/stakeholders to keep services or programs relevant and provide for continuous improvement?

Information received from customers/stakeholders is discussed by senior management during the weekly division directors meeting. Positive comments reinforce areas of strength. Constructive comments serve to emphasize areas for improvement. Senior managers evaluate the constructive comments received and devise a plan for improvement. The plan for improvement is communicated to staff members through a variety of methods including staff meetings.

3.6. How do you build positive relationships with customers and stakeholders to meet and exceed their expectations? Indicate any key distinctions between different customer and stakeholder groups?

Senior management builds positive relationships with customers and stakeholders in various ways. One avenue is through interaction with customers and stakeholders at conferences and training sessions conducted throughout the year. Another method is by working with our customers and stakeholders to achieve a common objective. For example, the Comptroller

General's Office has continued to support the Budget and Control Board's State Division of Information Technology (DSIT) implementation of the South Carolina Enterprise Information System (SCEIS). The Comptroller General also works with the Governor's Office, the State Treasurer, and state agencies to maintain the stimulus spending transparency website. The Stimulus Task Force, under the initial direction of the Comptroller General, established four functional working groups comprised of various agencies throughout the state. The Comptroller General also initiated and coordinates monthly meetings with the State Treasurer's Office, State Budget Office, Board of Economic Advisors, and the Department of Revenue, and others to review revenue compliance with State appropriations.

The Comptroller General's Office has also been working with local governments, school districts, and public higher education institutions to provide transparency in spending to the citizens of this State. The transparency initiative provides a link on the Comptroller General's website that includes monthly check registers and credit card reports for all school districts and many local governments. In addition, all purchases by state agencies and public higher education institutions using the statewide purchasing card have been included as a part of statewide spending information provided to taxpayers. The office gives priority to public information requests and agency requests for advice and assistance.

CATEGORY 4 - MEASUREMENT, ANALYSIS, AND KNOWLEDGE MANAGEMENT

4.1. How do you decide which operations, processes and systems to measure for tracking financial and operational performance, including progress relative to strategic objectives and action plans?

The agency's key measures are driven by mandated service requirements and our desire to be responsive and accountable to the state's citizens. Most of the agency's service delivery requirements are mandated by the General Assembly, Governmental Accounting Standards Board, and Federal Government. Accordingly, our measures are driven by the needs of our customers and stakeholders. Senior management establishes measures that analyze the effectiveness of the manner in which the agency provides required services. Some of the criteria for measurement include: cycle time for reviewing disbursement requests submitted by state agencies, payroll requirements and deadlines, and issuing a Comprehensive Annual Financial Report in accordance with generally accepted accounting principles within prescribed time frames. Other measures include customer satisfaction level, and cost savings or cost avoidance to evaluate the management team's performance.

4.2. How do you select, collect, align, and integrate data/information for analysis to provide effective support for decision making and innovation throughout your organization?

Senior management receives various reports and other information that are generated internally or externally on a daily, weekly, and monthly basis. This information is used to keep managers abreast of matters that impact the agency and its service requirements. Additionally, senior management meets weekly to discuss agency issues. During these meetings each senior manager provides progress reports on key projects, problems encountered, and upcoming matters of importance. Each senior manager is provided with or develops reports, statistical data, or any other information needed to assist in the decision-making process. The information is also used to track the agency's performance in meeting established goals and objectives. Applicable information is shared with support staff to assist them in analysis and decision-making related to their assigned functions.

4.3. What are your key measures, how do you review them, and how do you keep them current with organizational service needs and directions?

The agency's key measures are customer satisfaction, cycle time, cost savings, and cost avoidance. See also 4.2

4.4. How do you select and use key comparative data and information to support operational and strategic decision-making and innovation?

The type of comparative data and information used by the agency is based on our mission, stakeholder and customer expectations, desired outcome, and the availability of data. Emphasis is placed on ensuring that the agency's limited resources are being used to meet goals. Much of our comparative data is obtained through participation in professional organizations such as the National Association of State Auditors, Comptrollers, and Treasurers

(NASACT). Through NASACT, for example, we identify "best practices" by querying other states to see how they perform certain functions. We also exchange ideas with other states and, in some instances, work with other states to establish common procedures.

4.5. How do you ensure data integrity, reliability, timeliness, accuracy, security and availability for decision-making?

The agency's internal processes are documented, usually in the form of procedure manuals or documents. The procedure manuals are used for training new employees and are readily available for staff members to use as reference guides. Detailed instructions are also provided to our suppliers in formats such as the Comptroller General's Accounting Policies and Procedures document and the GAAP Closing Package Manual. These manuals are updated as needed. When necessary, the agency provides written instructions to suppliers informing them of new requirements or changes in existing procedures and any applicable time requirements. Also, our web site contains information such as procedures, key accounting dates, forms, and summary accounting information.

Staff members review all documents submitted to this office for processing prior to input into the SCEIS or Statewide Accounting and Reporting System (STARS). Also, our automated systems contain edits that reject erroneous data from being posted to the system. Documents such as reports prepared by staff members are reviewed prior to distribution. Senior management assures that staff members and suppliers are knowledgeable of all requirements and that procedures are followed to ensure that required data is produced within the specified time period.

4.6. How do you translate organizational performance review findings into priorities for continuous improvement?

Organizational performance is discussed by senior management during the weekly directors meetings. Senior managers evaluate potential deficiencies and devise a plan for improvement. Improvements are also implemented based on employees recognizing a need to change certain procedures, input from customers, or changes in stakeholder requirements. The plan for improvement is then communicated to staff members through methods such as staff meetings or training.

4.7. How do you collect, transfer, and maintain organizational and employee workforce knowledge (knowledge assets)? How do you identify, share and implement best practices, as appropriate?

Certain agency functions are documented in procedures manuals or documents. These manuals serve as training tools for less experienced employees and reference guides for those with more experience. The manuals also ensure consistency and uniformity in agency processes. In some instances, employees are cross-trained to learn the duties of experienced staff that will be retiring. Cross training of staff provides more flexibility with regards to staffing challenges. In other instances, the duties of employees leaving the agency are disbursed among current staff.

CATEGORY 5- WORKFORCE FOCUS

5.1. How does management organize and measure work to enable your workforce to: 1) develop to their full potential, aligned with the organization's objectives, strategies, and action plans; and 2) promote cooperation, initiative, empowerment, teamwork, innovation, and your organizational culture?

The majority of the agency's service requirements are mandated by state legislation, federal regulations, bond rating agencies, and authoritative accounting organizations. Furthermore, many of the mandates require the delivery of a service or product within a specified time frame. However, senior management recognizes the value and importance of its staff providing quality service. Because staffing levels have been affected by normal attrition, retirement and by diminishing budget resources, senior management used this as an opportunity to review certain service requirements and "realign" staffing needs whenever possible. Innovative options such as temporary employment and part-time employment has allowed the agency to maintain an acceptable level of quality in its services.

5.2. How do you achieve effective communication and knowledge/skill/best practice sharing across departments, jobs, and locations? Give examples.

The agency uses weekly division directors meetings as the best method for effective communication and knowledge sharing across departments and jobs. Ad hoc staff meetings are used frequently as required. Cross training within and between division staff is encouraged.

5.3. How does management recruit, hire, place, and retain new employees? Describe any barriers that you may encounter.

The number of filled positions at June 30, 2012 is low due to normal attrition, budget reductions, employees leaving for higher paying positions, and TERI. In light of anticipated turnover, management used this as an opportunity to review service requirements and "realign" staffing needs whenever possible. The review identified areas requiring additional cross training that may potentially develop future organizational leaders. Where the budget allows, the agency is actively recruiting new employees with professional credentials and experience who can immediately contribute with high levels of job performance. Innovative options, such as temporary employment and part-time employment have also enabled the agency to maintain minimum staffing levels as well as meet agency needs.

5.4. How do you assess your workforce capability and capacity needs, including skills, competencies, and staffing levels?

See 5.3

5.5. How does your workforce performance management system, including feedback to and from individual members of the workforce, support high performance work and contribute to the achievement of your action plans?

The Employment Performance Management System (EPMS) serves as a formal vehicle to provide feedback to employees. Employees receive a formal performance review annually. Employees in probationary status receive a review within six months. During the performance review, managers are expected to provide positive feedback, make constructive comments when applicable, and discuss future expectations. Also, managers are encouraged to periodically hold informal review sessions with staff members.

5.6. How does your development and learning system for leaders address the following:
a. development of personal leadership attributes;
b. development of organizational knowledge;
c. ethical practices;
d. your core competencies, strategic challenges, and accomplishment of action plans?

Cross training has served as an effective development tool for both organizational knowledge, as well as development of leadership attributes. Expected ethical practices are communicated to employees through employee evaluations, one-on-one communications, and staff meetings. Senior management ensures that agency resources are used efficiently and that the functions performed are aligned with the challenges and action plans.

5.7 How do you identify and address key developmental training needs for your workforce, including job skills training, performance excellence training, diversity training, management/leadership development, new employee orientation, and safety training?

The training received by employees is determined by available resources. Emphasis is placed on ensuring that persons performing functions that are top priority receive the necessary training. Because of cost-cutting measures taken over the last several years, the agency's training budget has been reduced significantly. The agency has sought ways to provide low-cost, relevant training. To accomplish this objective, the agency began collaborating with other state agencies with similar training needs. Through this collaboration, the agencies developed and presented in-house training and shared the cost of attending web conferences hosted at local sites. The collaboration resulted in a significant savings and continues to be a successful annual program. The agency provided 160.5 hours of professional development training for employees.

5.8. How do you encourage on the job use of new knowledge and skills?

Since personal service funds constitute the largest percentage of the budget, senior management has left certain “less critical” positions vacant wherever possible to absorb budget reductions. In light of the anticipated turnover, senior management has identified key areas requiring additional cross training. The acquired knowledge and skills will aid in the potential development of future organizational leaders. Innovative options, such as temporary employment and part-time employment have allowed the agency to maintain an acceptable level of quality of service.

5.9. How does employee training contribute to the achievement of your action plans?

The training received by employees is determined by available resources. Emphasis is placed on ensuring that persons performing the functions that are given top priority receive the necessary training. SCEIS provides an opportunity for the state to have an "enterprise solution" for managing the state's financial and human resources. The SCEIS system will enhance efficiencies in the day-to-day administration of state government. As future positions are filled, the new system will prove beneficial to the new workforce and may allow for agencies on the system to reduce the staff size over time and reassign some of their existing resources to more productive agency program areas.

5.10. How do you evaluate the effectiveness of your workforce and leader training and development systems?

Senior management evaluates these areas through customer feedback, Employee Performance Management System (EPMS), and staff meetings to closely monitor the quality of the agency's work products.

5.11. How do you motivate your employees to develop and utilize their full potential?

Effective communication is an important tool used by management. The agency uses weekly staff meetings, surveys, and exit interviews to determine trends within the workforce and the general level of employee satisfaction. The use of flexible work schedules enables employees to balance their personal and professional lives. Social events such as luncheons provide opportunities for agency employees to interact informally. The agency is working with State OHR to develop a career path program for most agency positions.

5.12. What formal and/or informal assessment methods and measures do you use to obtain information on workforce well-being, satisfaction, and motivation? How do you use other measures such as employee retention and grievances?

The agency uses performance evaluations, staff meetings, and exit interviews to measure employee satisfaction and determine trends in employee satisfaction. The agency also objectively measures employee satisfaction by monitoring staff turnover and absenteeism.

5.13. How do you manage effective career progression and effective succession planning for your entire workforce throughout the organization?

A major consideration is that our agency will lose several of its experienced employees to retirements, higher paying jobs, and budget reductions. Currently, 3 of the agency's 26 full time employees (12%) are now participating in the TERI program. The loss of this level of experience over the next several years will be challenging to replace. The agency has implemented succession planning and cross-training, identifying and implementing more efficient practices, and using the most current technology to its greatest advantage. As turnover occurs, the agency is actively recruiting new employees, where the budget allows, with the requisite professional credentials and experience. Employing skilled staff will provide stability to the organization and will enable continued high levels of job performance. The agency recognizes it is critical that our human resources be properly aligned with customer requirements and stakeholder needs.

5.14. How do you maintain a safe, secure, and healthy work environment? (Include your workplace preparedness for emergencies and disasters)

Senior managers are responsible for making certain that all safety requirements are met. Information on workplace safety is routinely distributed to employees and posted on the agency bulletin boards. The agency, located in the Wade Hampton Building, participates in the Budget and Control Board’s emergency preparedness and disaster recovery plan. Also, each division provides a first-aid kit that is easily accessible to employees. In case of fire or other emergencies, the agency established a "buddy system" to ensure that employees with physical impairments exit the building safely.

CATEGORY 6 – PROCESS MANAGEMENT

6.1. How do you determine, and what are your organization's core competencies, and how do they relate to your mission, competitive environment, and action plans?

The majority of the agencies requirements are mandated by state legislation, federal regulations, bond rating agencies, and authoritative accounting organizations. Senior management regularly reviews accounting and financial reporting requirements issued by these entities to determine their expectations, identify services required to be performed by this agency, and to determine our customers.

6.2. How do you determine, and what are your key work processes that produce, create or add value for your customers and your organization and how do they relate to your core competencies? How do you ensure that these processes are used?

The agency's key processes are: maintaining and operating centralized statewide accounting, payroll, accounts payable, and financial reporting systems in accordance with the program structure mandated by the General Assembly and issuing a Comprehensive Annual Financial Report and related reports in accordance with Generally Accepted Accounting Principles (GAAP), including all accounting standards required by the Governmental Accounting Standards Board (GASB).

6.3 How do you incorporate organizational knowledge, new technology, cost controls, and other efficiency and effectiveness factors, such as cycle time, into process design and delivery?

The agency relies on the knowledge and experience of staff to meet changing customer requirements and identify ways to enhance processes through new technology. New processes are implemented based on employees recognizing a need to change, input from customers or changes in stakeholder requirements. Where applicable, the agency will conduct workshops, provide written instructions, or take similar measures to ensure that suppliers are informed of the changes and are able to provide the required product. Also, as needed, the agency will participate in forums, provide written instructions, or take similar actions to inform customers of changes and receive feedback. Senior managers closely monitor changes in key processes to ensure that service requirements are being met. Senior management is responsible for insuring that the agency's day-to-day operations are as efficient as possible and that staff adhere to internal cost controls.

6.4. How does your day-to-day operation of these processes ensure meeting key performance requirements?

The division directors are responsible for communicating key performance requirements to staff members and must review the quality and timeliness of functions performed on an ongoing basis. Senior management meets weekly to discuss issues, progress being made, and problems encountered. It is the division director's responsibility to report to the Chief of Staff and Comptroller General if there is a drop in performance so that corrective action can be determined and taken. If this oversight fails to identify a problem in a timely fashion, then the Chief of Staff, in conjunction with the Deputy Comptroller General and division directors, are responsible for developing an improvement plan as quickly as possible to better monitor these key performance measures and allocate agency resources to address the problem.

6.5. How do you systematically evaluate and improve your key product and service related work processes?

The agency manages and supports its key supplier processes and performance by providing formal training sessions, conducting informal one-on-one training as needed, providing technical assistance, conducting workshops, participating in focus groups, serving on working committees, participating in seminars, and soliciting feedback.

6.6. What are your key support processes, and how do you evaluate, improve and update these processes to achieve better performance?

The agency's key support processes include accounting, employee benefits, human resources, procurement, public and legislative relations, and information technology. The agency uses technology as much as possible to maximize efficiency and minimize operating costs.

6.7. How does your organization determine the resources needed to meet current and projected budget and financial obligations?

The agency reviews personnel and operational needs based on our mission, stakeholder and customer expectations, and desired outcomes. Weekly division directors meetings as well as budget reviews ensure that the agency's limited resources are being used to meet goals set by agency senior management. Due to the declining agency budget, the primary question is not what budget the agency needs to fulfill its obligations, but what can the agency afford to provide with its reduced budget in its effort to fulfill its obligations.

CATEGORY 7 – KEY RESULTS

Goals:

- To maintain the highest possible customer satisfaction level by meeting customer expectations and by providing quality service delivery.
- Ensure that human resources are available and service delivery requirements are aligned as permitted by budget resources.
- To maintain office operations as efficiently and cost-effectively as possible.

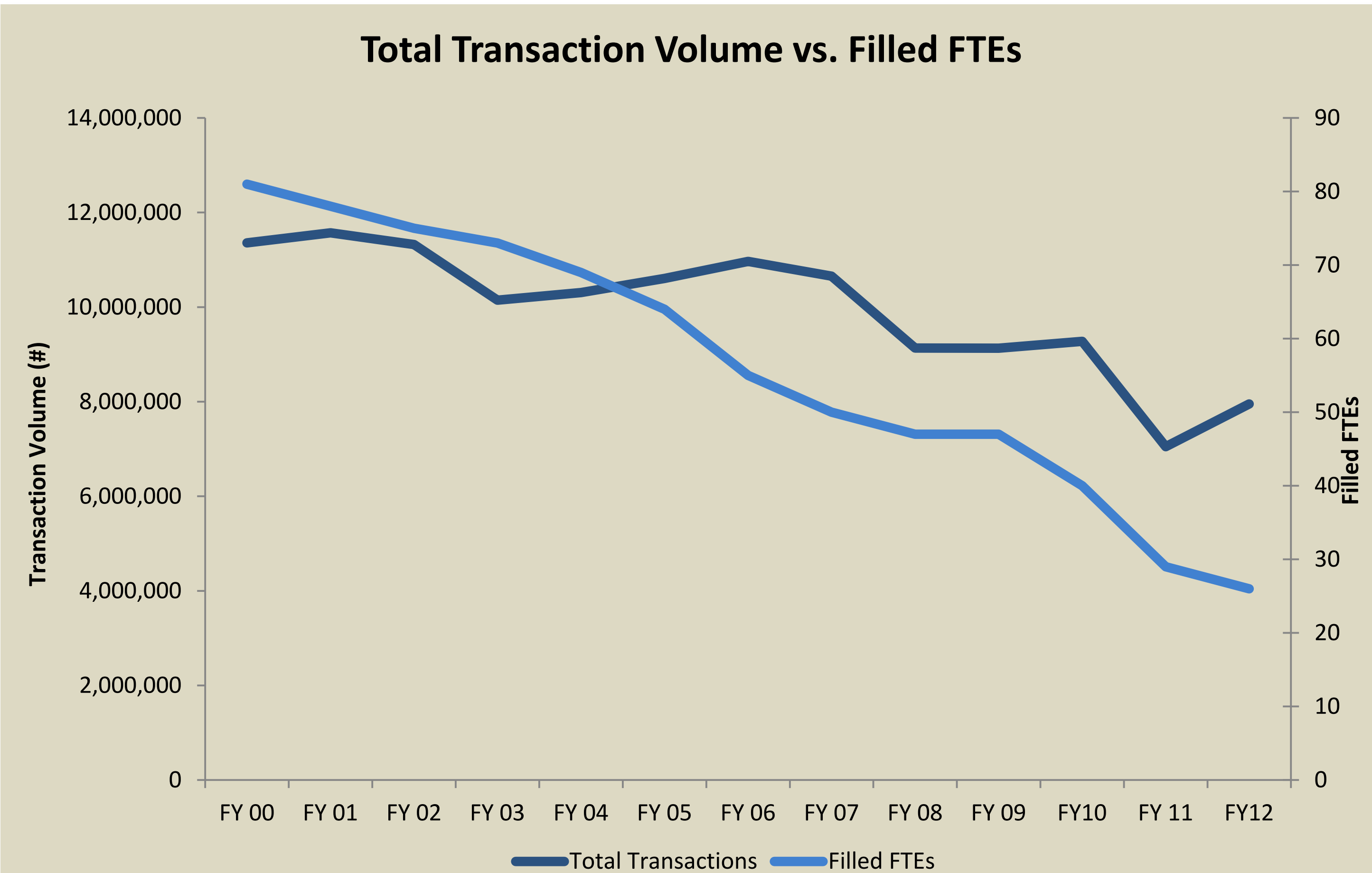
Objectives:

- To maintain the highest possible external customer satisfaction level.
- Ensure that available human resources are aligned with the resources necessary to provide quality service and to meet customer needs.
- To maintain office operations as efficiently as possible and still meet service delivery requirements.

Key Results:

- Maintained a good external customer satisfaction level based on interaction and communication with customers.

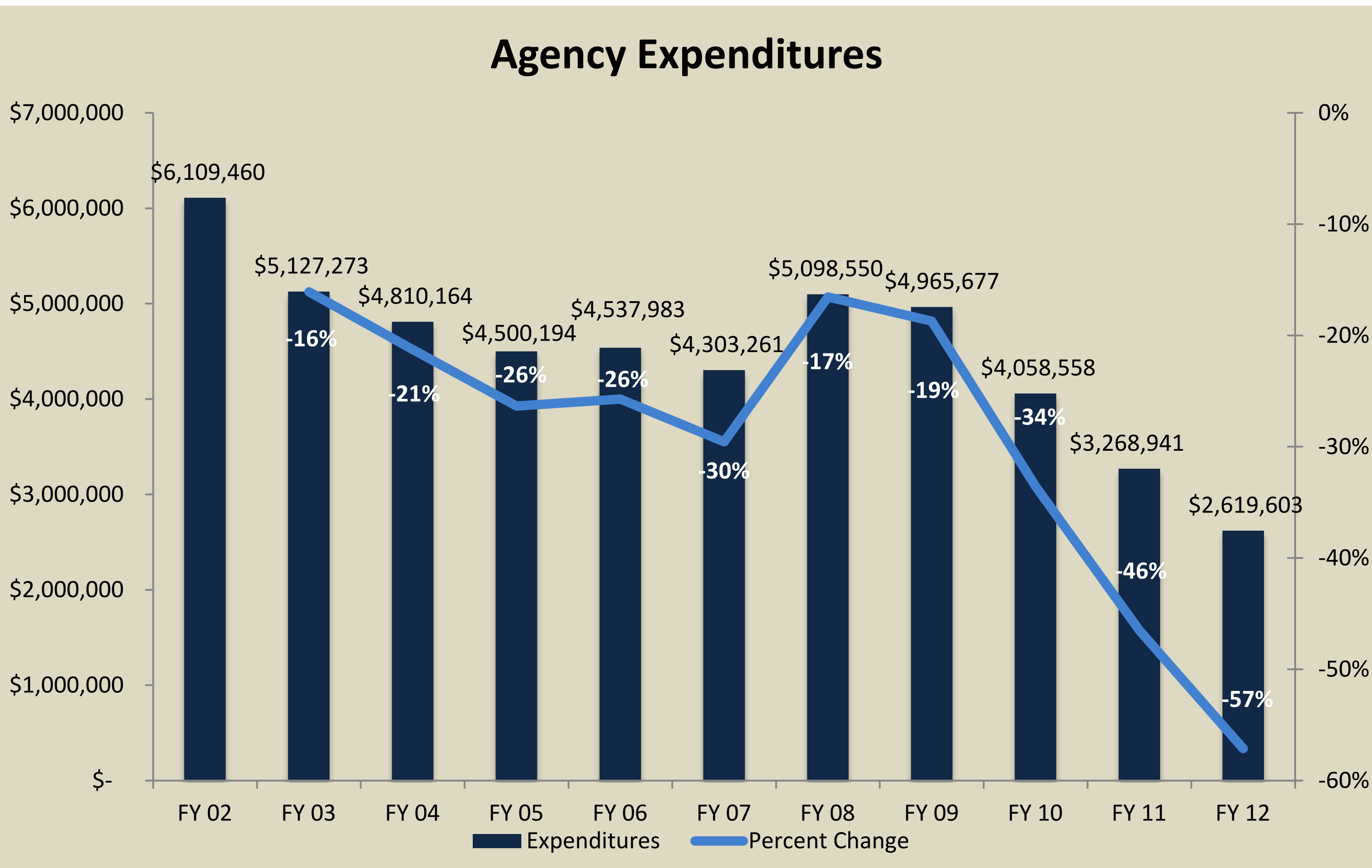
- Met basic service delivery requirements, despite a reduction in filled FTEs and growth in the number of transactions. Staff taking on additional tasks coupled with planning and increased productivity have enabled the agency to maintain acceptable levels of external customer satisfaction and meet its service delivery requirements to date. Existing staff cannot absorb any additional tasks or work volume.



Note: The total volume of all agency transactions for the fiscal year was **7,952,756** which was an increase of 902,697 transactions from the prior fiscal year. The volume of transactions includes all STARS and SCEIS transactions, such as disbursement and journal vouchers, IDT's, cash transfers, payroll transactions, and payroll reporting and control records.

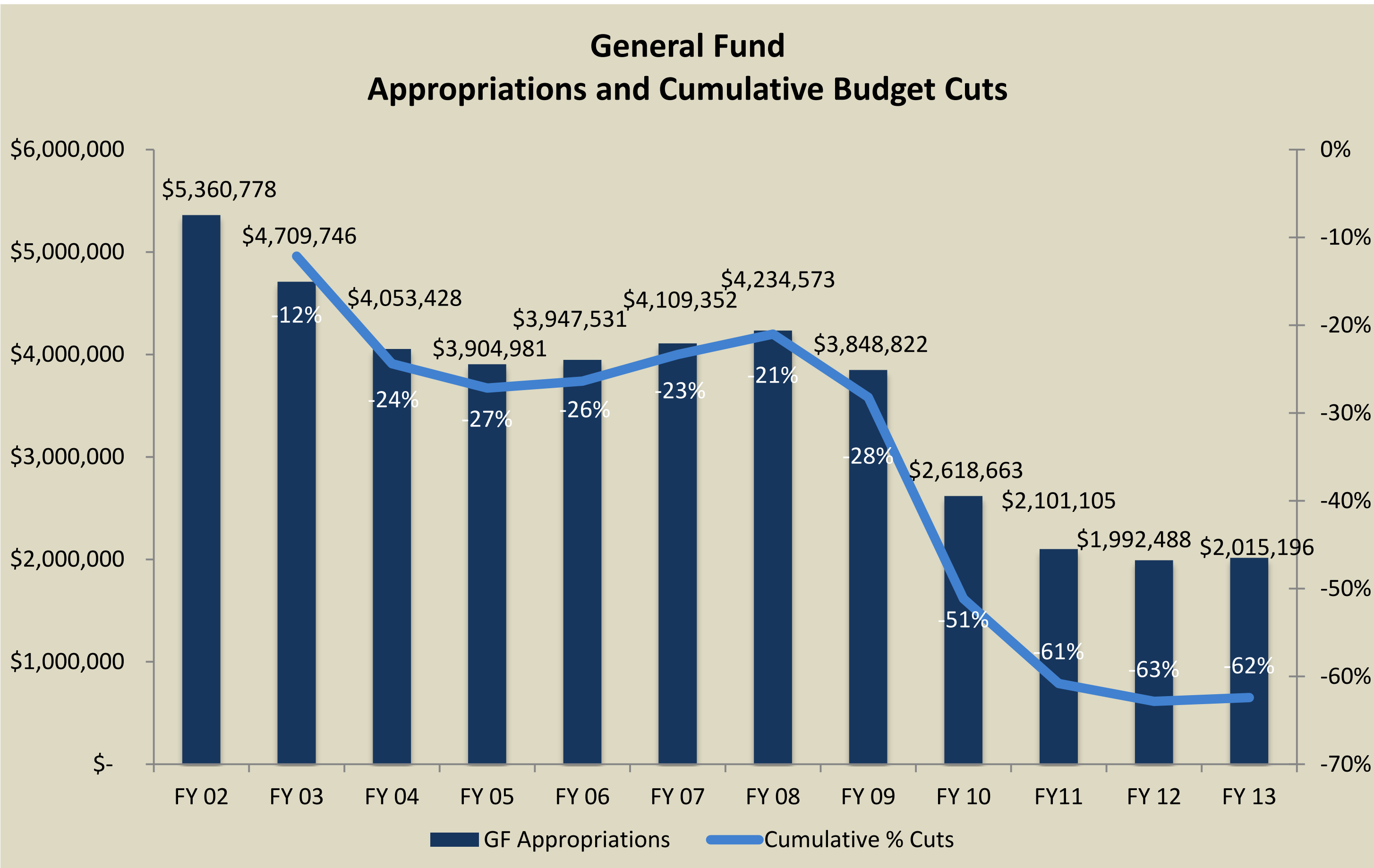
- Cost savings is one of the agency's key performance measurers. Agency management continuously strives to identify opportunities to reduce operating costs and make efficient use of taxpayer dollars. By taking various cost-cutting measures in addition to mandated budget reductions, the agency has reduced expenditures by 57% from Fiscal Year 2001-02 to Fiscal Year 2011-2012.

  Examples of cost saving measures include: downsizing staff; substituting e-mail whenever possible instead of making long distance telephone calls, mailing documents or faxing documents; ending the lease agreement for the agency's underused mail equipment; eliminating phone lines; reducing training expenses by partnering with other agencies; reducing the purchase of office supplies; reducing the number of copiers; reducing office space; eliminating office supplied cell phones; reducing staff travel reimbursements; and reducing printing costs for official documents such as the CAFR, by using less expensive printing services.



Note: FY 08 and FY 09 include approximately $970,000 the agency contributed to the SCEIS project from its own budget for the Independent Verification and Business Case Study.

- Targeted ways to operate with less general fund appropriations. Agency general fund appropriations have decreased 62% since FY02. In order to continue to meet service delivery requirements, senior management has identified and implemented various cost savings measures, including significant staff size reductions through attrition. However, it is essential that the agency rebuild its staffing to a level necessary to maintain its services.



Note: The higher General Fund appropriation for FY 2013 was the result of the supplemental employer benefit allocation that was funded with state appropriations.

Statewide Payroll/Accounts Payable Division

Goals:

- Conduct a review of all disbursements of South Carolina State Government to ensure that agencies comply with the annual Appropriations Act.

- Verify the validity and authenticity of payments.

- Increase proficiency with processes involving the SCEIS travel and accounts payable modules.

Objectives:

- Process the statewide payroll accurately and on time.

- Provide accurate financial information and reports to the various income tax authorities and retirement systems within the time frames required by law.

- Review disbursement requests submitted by agencies accurately within an average of four business days. The Statewide Payroll and Accounts Payable Division processes payment requests from agencies. For each request determined to be valid, the agency issues an electronic warrant to the State Treasurer authorizing payment.

- Encourage agencies to increase use of the Purchasing Card for small purchases, thereby, reducing transactional volume and increasing financial rebates to the state.

Key Results:

- Processed the statewide payroll accurately and on time.

  Benchmark: Title 8, Chapter 11, Section 35 (A) of the South Carolina Code states in part: "…all appropriations for compensation of State Employees shall be paid in twice-monthly installments…The payroll period shall continue thereafter on a twice-monthly schedule as established by the Budget and Control Board…"

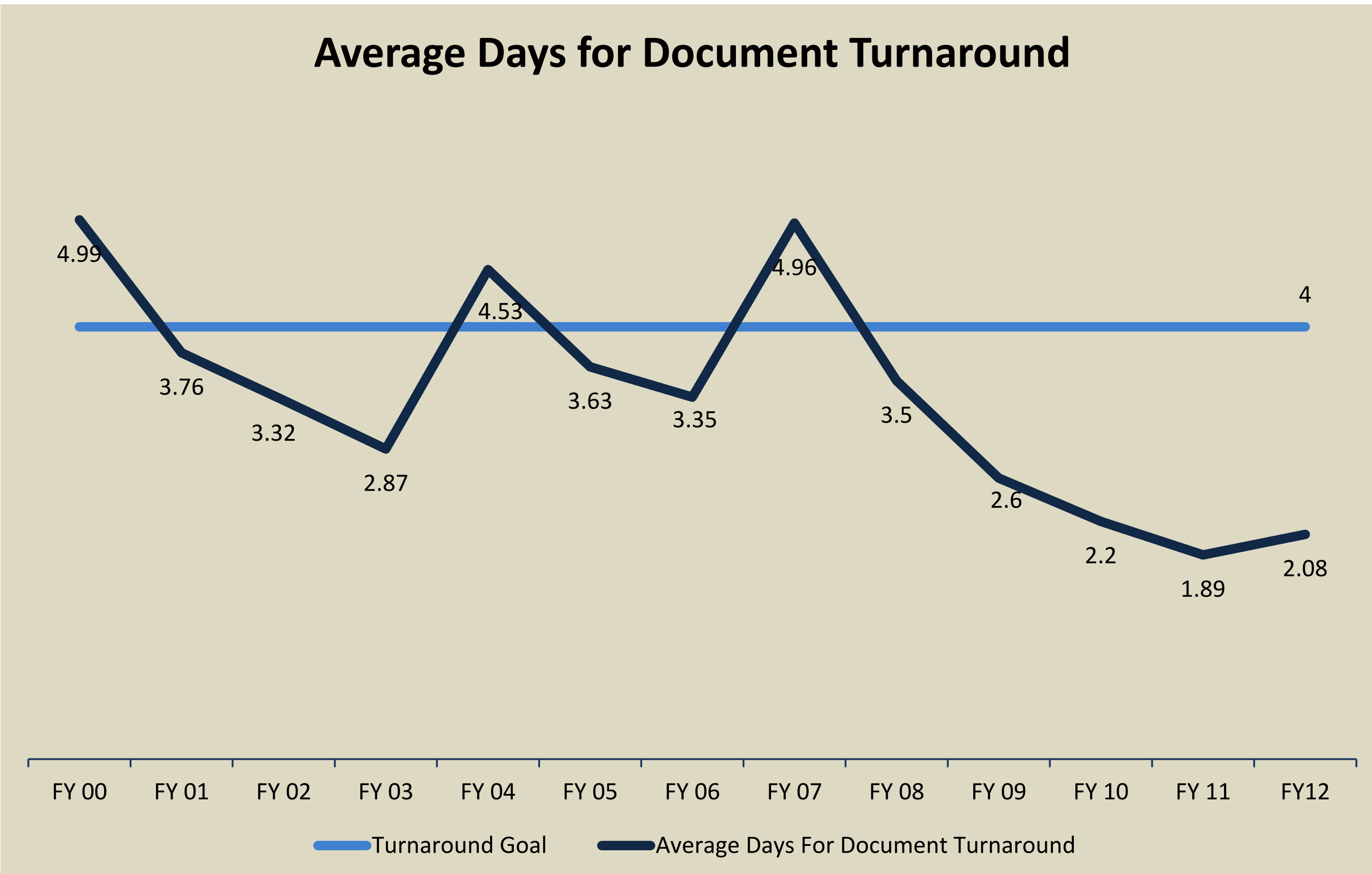
- Provided accurate financial and payroll information and reports as required on time. Payroll tax deposit information is submitted to the State Treasurer's Office that in turn submits the deposit to the relevant Federal authorities.

  Benchmark: Section 11 of Internal Revenue Service Circular E, Employer's Tax Guide requires employee payroll withholdings to be deposited within specified time frames.

- Maintained employee payroll deduction files and processed 1,202,258 payroll transactions.

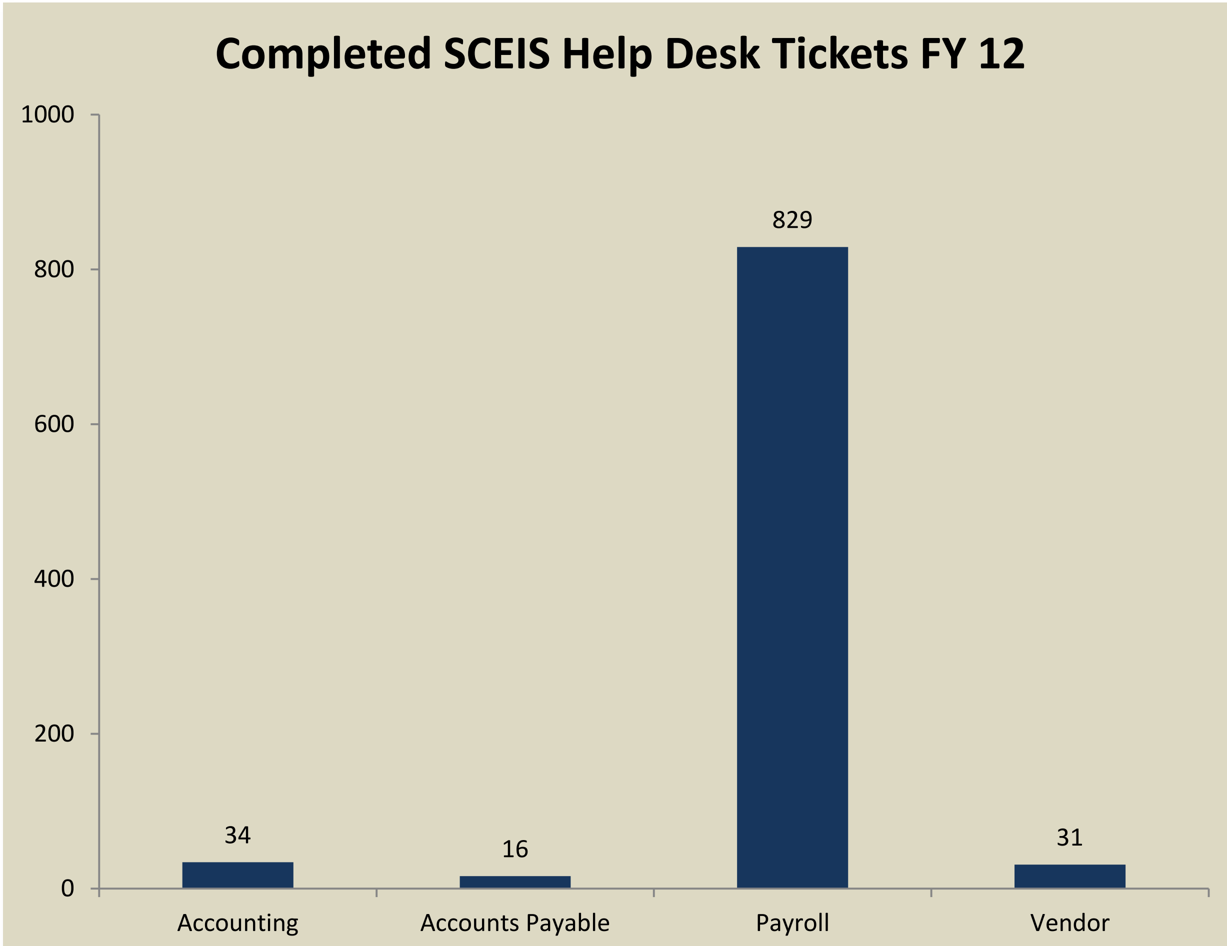
- Successfully processed approximately 792,377 Contingent Vouchers and Interdepartmental Transfers within an average of 2.08 business days, well under the goal of 4 days.

- Maintained over 164,000 centralized vendor records to ensure accuracy for tax reporting.

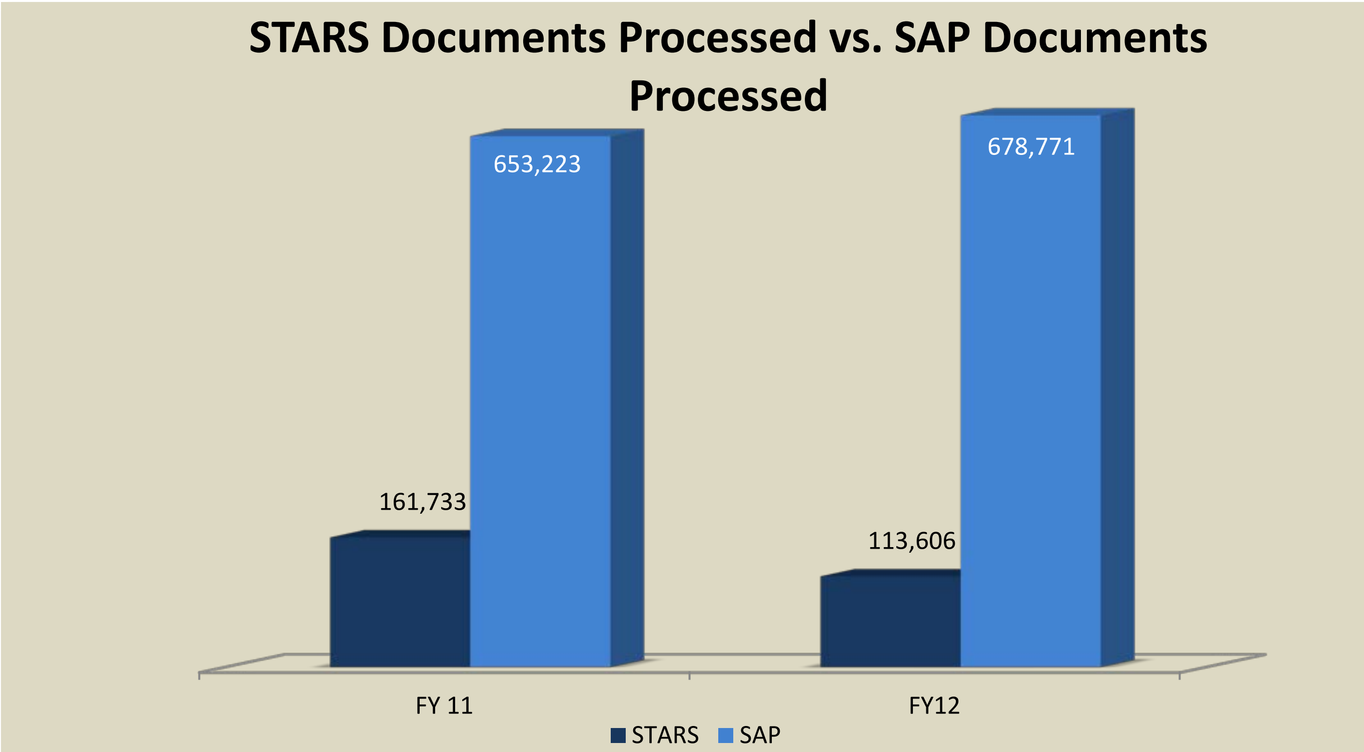


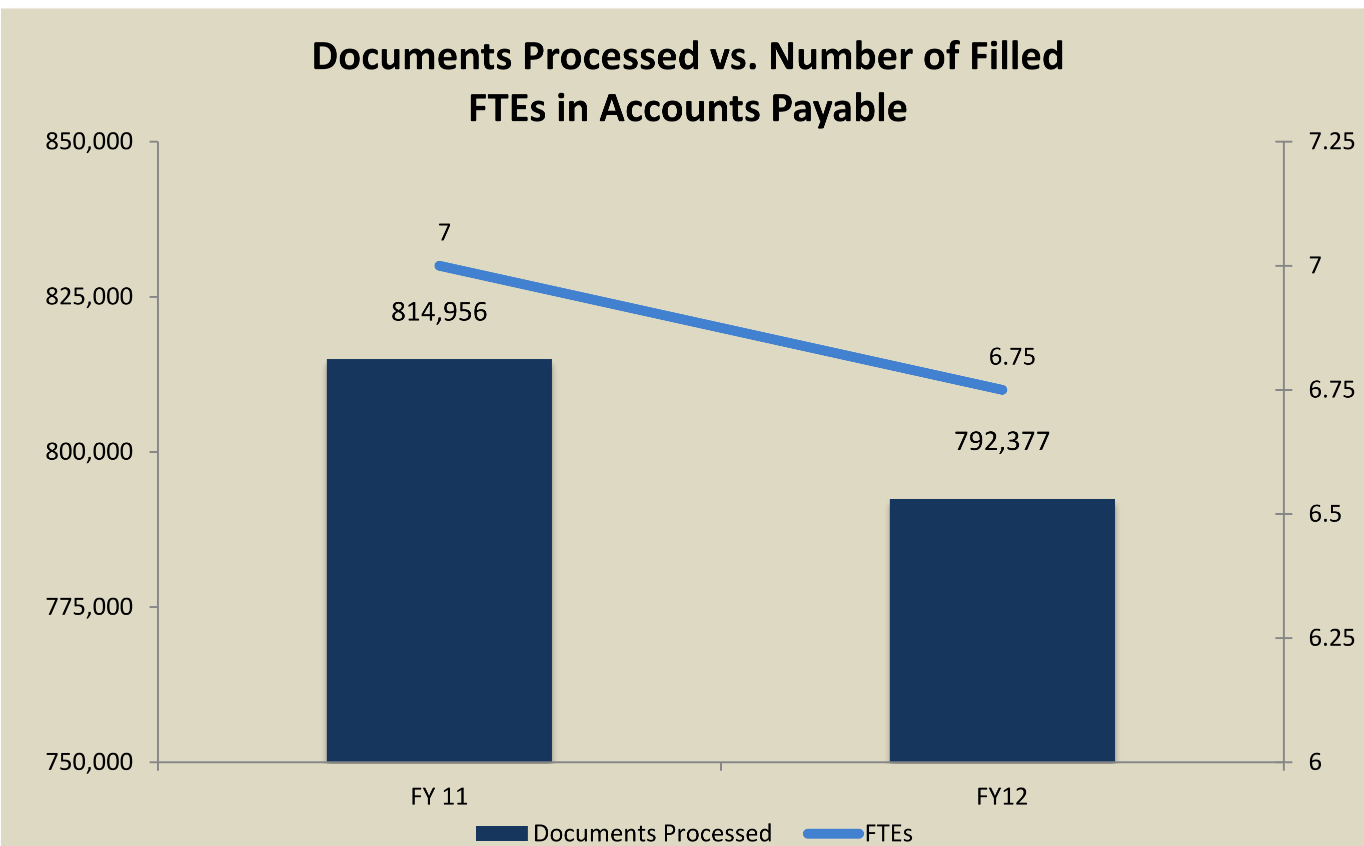
- Processed approximately 792,377 Contingent Vouchers and Interdepartmental Transfers; 118,396 transactions per person. This year approximately 678,771 transactions were processed in SCEIS and 113,606 transactions were processed in STARS. Each year, as additional agencies are brought online with the SAP software, the number of transactions processed through the new enterprise system will increase.

- Closed a total of 910 SCEIS Service Help Desk tickets, of which the majority were Payroll related, as expected.

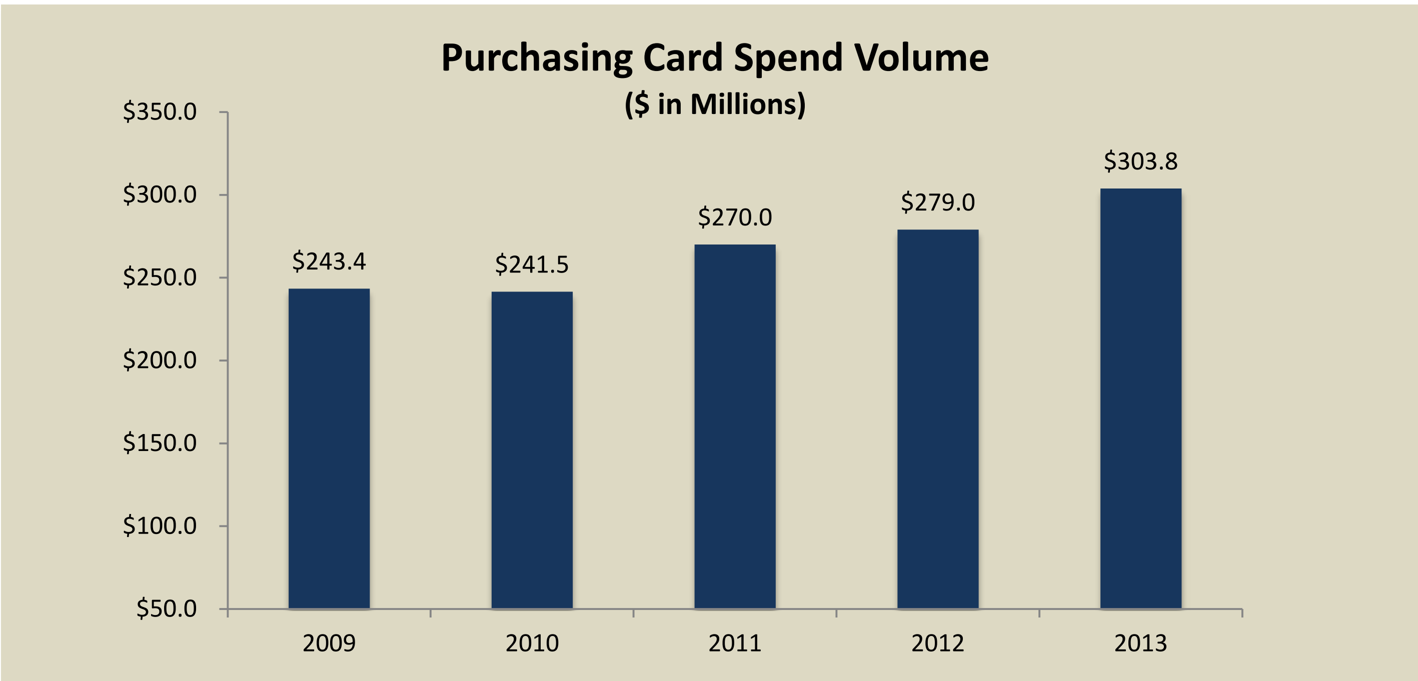


Completed SCEIS Help Desk Tickets FY 12
1000
800
600
400
200
0
829
34
16
31
Accounting
Accounts Payable
Payroll
Vendor


STARS Documents Processed vs. SAP Documents Processed
653,223
678,771
161,733
113,606
FY 11
FY12
STARS
SAP

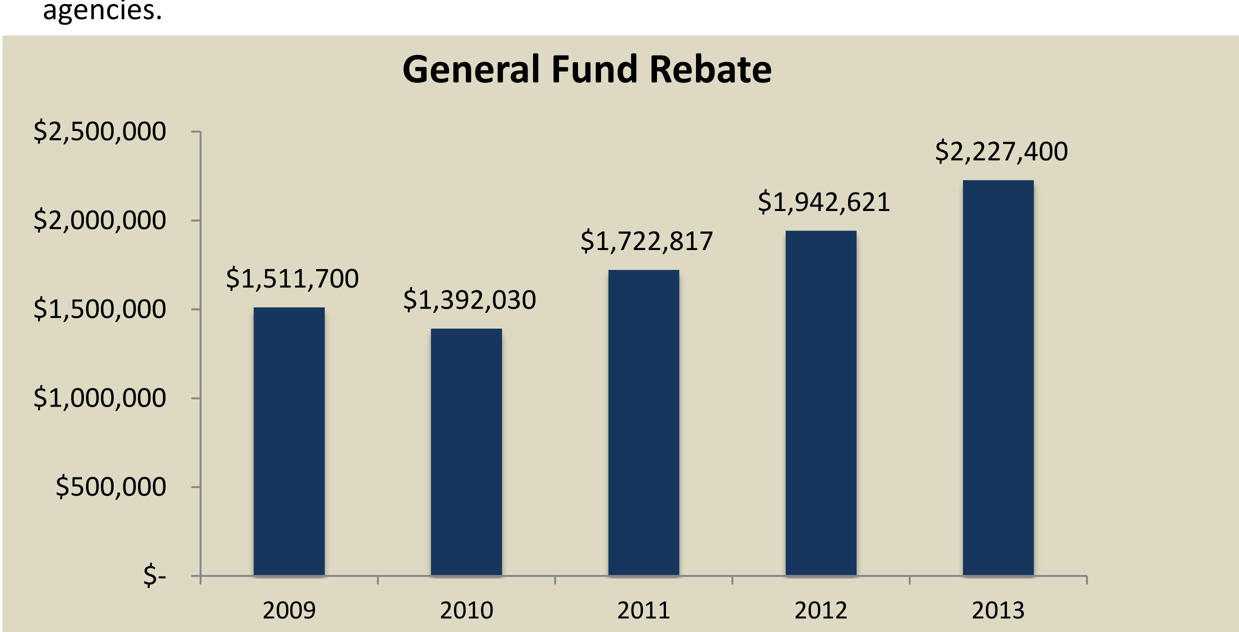

Documents Processed vs. Number of Filled FTEs in Accounts Payable
850,000
825,000
800,000
775,000
750,000
7.25
7
6.75
6.5
6.25
6
7
814,956
6.75
792,377
FY 11
FY12
Documents Processed
FTEs

- The Purchasing Card spend volume and rebate continued to increase. The contract for the Purchasing Cards, which includes state agencies, higher education institutions, and local government entities, provides for a rebate to the state based on transactional volume. The annual contract and reporting period is August 1 through July 31. Volume and rebates are set as of July 31, thus crossing fiscal years.

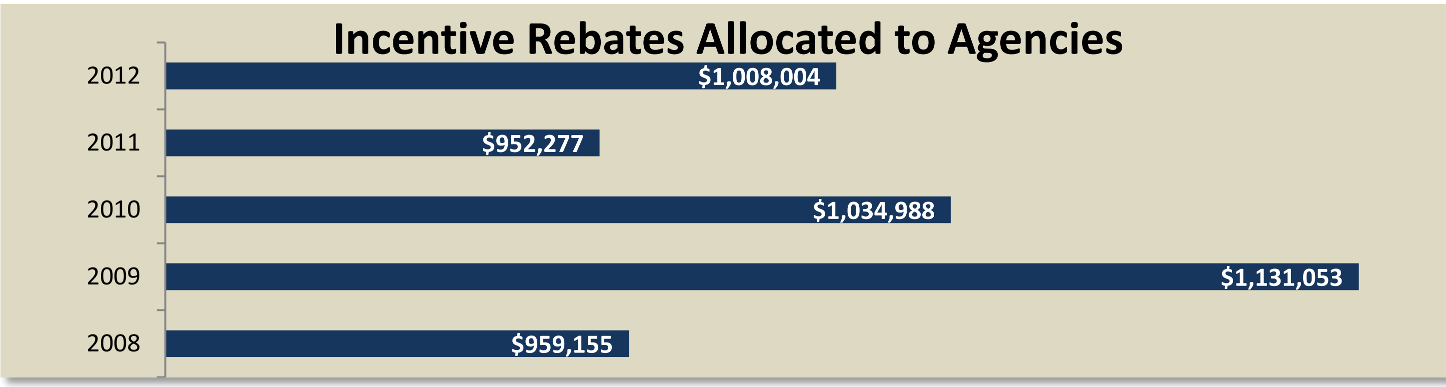


Note: Due to contract negotiations and a new rebate structure pursued by the agency, there were increases in the rebate in FY's 2008, 2011 2012, and 2013.

- The new rebate structure resulted in a significant increase to the General Fund and state agencies.



- Purchasing card rebates allocated to agencies have continued to increase. Proviso 89.70 of the 2011-12 Appropriations Act provides that agencies can retain a portion of the rebates allowed by the contract to support their agency operations. Part of the reason for the reduction in rebate for agencies in FY 2011 was the implementation of a change in the rebate calculation recommended by the Legislative Audit Council. The change resulted in a higher rebate for the General Fund.



Information Technology Division

Goals:

- To cost effectively provide quality information technology application development, maintenance, and production control services for the Comptroller General's Office. This includes all statewide accounting, accounts payable, financial reporting, and payroll functions, and internal administrative functions of the agency.

- To retire STARS and legacy payroll in FY 2013 by taking several initiatives. (1) Bring the legislative agencies into SCEIS for both payroll and finance/materials management. (2) Build an interface to SCEIS for Lumpsum Agencies. (3) Assist the State Treasurer's Office with bringing their systems into SCEIS. (4) Assist the Department of Revenue with bringing the programs that are not currently in SCEIS into the system.

- To rebuild the Comptroller General spending transparency website to use SCEIS instead of STARS data.

Objectives:

- Ensure that all agency program requirements for information technology services are met to management's satisfaction.

- Develop new applications and/or modify existing applications that are identified as necessary to meet the requirements of the agency's programs. Complete and distribute all production processing for the Comptroller General's Office as scheduled.

- Administer the agency's LAN and PC infrastructure in a cost effective manner with minimal down time. Maintain accurate records of all LAN and PC assets and infrastructure. Review, recommend, and implement enhancements and upgrades to these assets.

- Receive an audit with no exceptions as a result of the IT audit performed as part of the statewide audit.

- Perform all activities at a cost comparable to private industry or other state agencies.

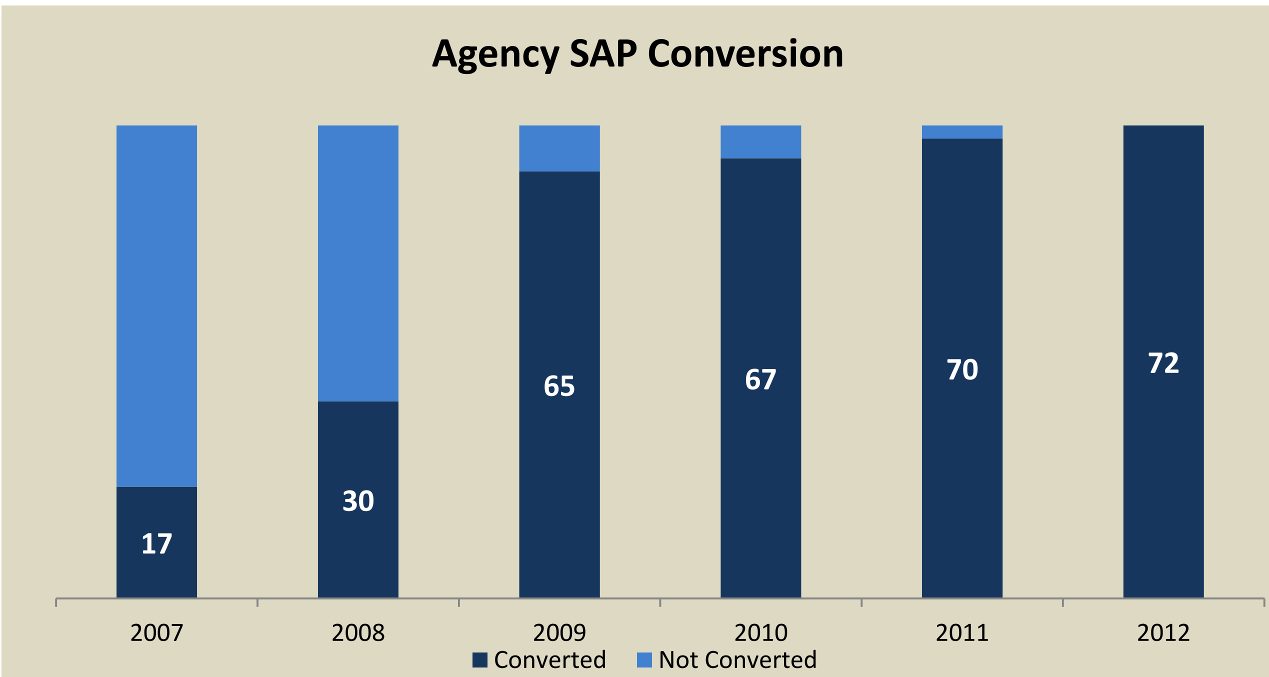
Key Results:

- Played a significant role in the Department of Transportation SCEIS go-live in September/October of 2011. Continued to maintain the legacy STARS accounting system as well as SCEIS. The Comptroller General's support included making available several of the Office's technical staff as well as the lead person for the SCEIS technical team.

- Developed and maintained a STARS/SAP interface at the beginning of the SCEIS project, and as a result of more agencies going live in SAP, this interface has grown tremendously.

Because of the interface, STARS is actually a much larger system than what it was previously. Almost every transaction that occurs in SAP is cross-walked to STARS through the interface until STARS is retired.

- Continued to support the Budget and Control Board's implementation of a statewide enterprise information system (SCEIS) that will provide a comprehensive statewide platform for managing the state's financial, payroll, procurement and human resources transactions. The SCEIS project mandated by the General Assembly (Act 151, 2005), is designed to move the state toward a more comprehensive, efficient common system for managing the state's operations. Conversion for each agency includes implementation of the document management or "imaging" system.



Note: SCEIS, when fully implanted, would include all state agencies, including the legislative branch; higher education institutions are exempt from SCEIS by statute.

- Re-built the Comptroller General websites using Microsoft SharePoint software. The website was moved to the new software as well as re-structured for better end-user experience.

- Increased government transparency by allowing citizens to use the Internet to see how state agencies are spending their money. Maintained a website that includes both annual and monthly data detailing individual agency expenditures and purchasing card transactions.

- Continued the campaign to encourage local governments and school districts to post their transaction registers on the internet. Hosts a Local Government Spending and School

District Transparency webpage to expand the transparency initiative. To date, the webpage includes participation by 108 cities, counties and school districts.

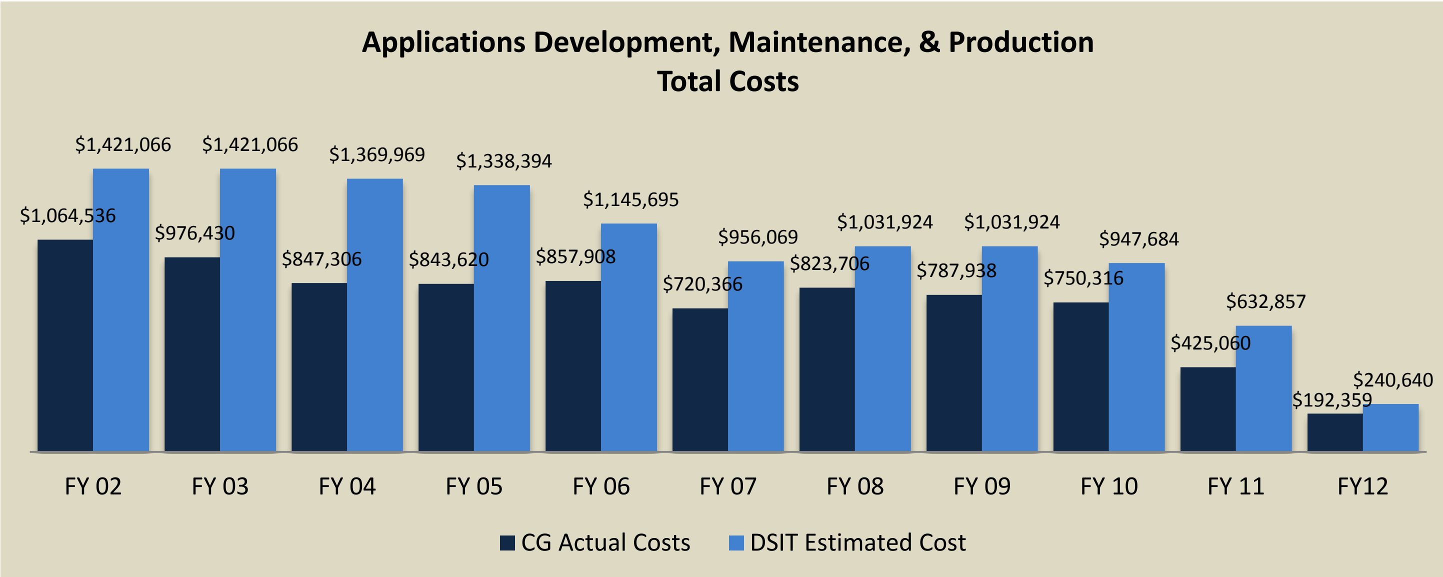
- Continued providing maintenance and quarterly updates to the state's American Recovery and Reinvestment Act (ARRA) reporting website in order to keep South Carolinians informed.

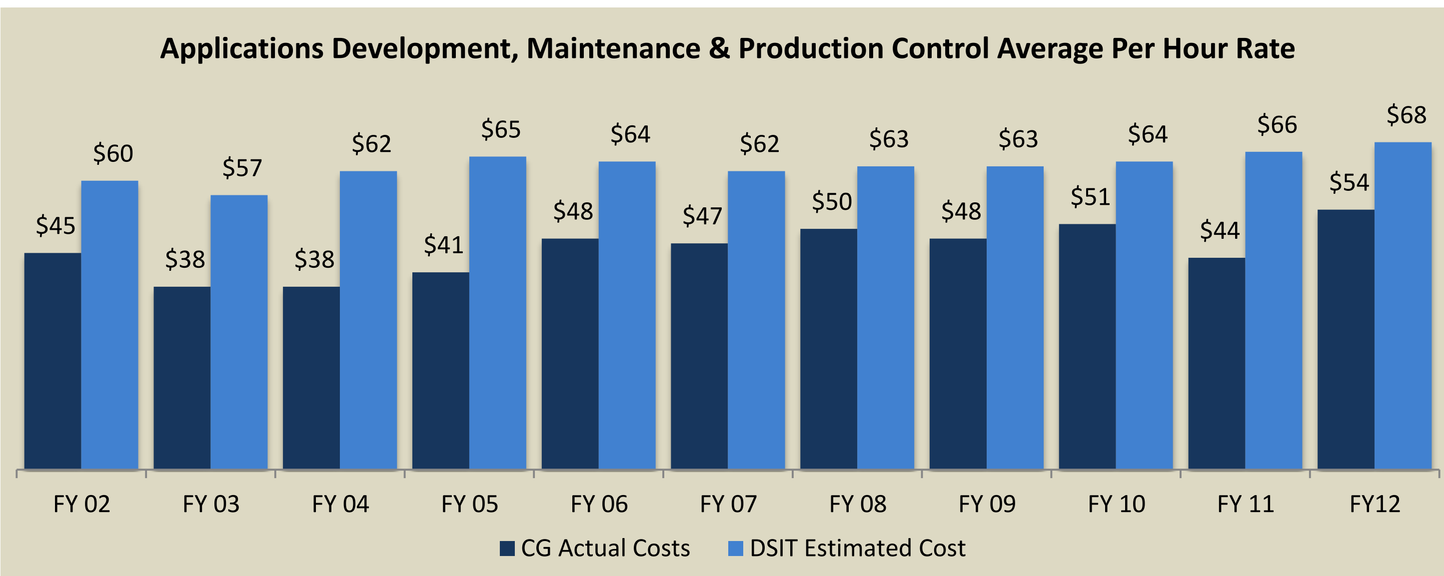
- Received an annual IT audit with no exceptions.

- The costs for information technology activities compared favorably to the estimated cost of contracting for these services from DSIT. The agency's costs include all Personnel Services and Operating expenses for the Information Technology Division. Estimates of the DSIT costs are based on rates published by DSIT.

- Installed new computer equipment for Comptroller General Office's staff.

- Installed new network switches and fiber cable to allow for increased productivity of the Comptroller General Office's staff by increasing network and Internet availability.


Applications Development, Maintenance, & Production
Total Costs
$1,421,066
$1,421,066
$1,369,969
$1,338,394
$1,145,695
$956,069
$1,031,924
$1,031,924
$947,684
$632,857
$240,640
$1,064,536
$976,430
$847,306
$843,620
$857,908
$720,366
$823,706
$787,938
$750,316
$425,060
$192,359
FY 02
FY 03
FY 04
FY 05
FY 06
FY 07
FY 08
FY 09
FY 10
FY 11
FY12
CG Actual Costs
DSIT Estimated Cost


Applications Development, Maintenance & Production Control Average Per Hour Rate
$60
$57
$62
$65
$64
$62
$63
$63
$64
$66
$68
$45
$38
$38
$41
$48
$47
$50
$48
$51
$44
$54
FY 02
FY 03
FY 04
FY 05
FY 06
FY 07
FY 08
FY 09
FY 10
FY 11
FY12
CG Actual Costs
DSIT Estimated Cost

Statewide Financial Reporting Division

Goals:

- Provide centralized reporting of the state's financial accounting activities in accordance with the program structure mandated by the South Carolina General Assembly and Generally Accepted Accounting Principles (GAAP).

- Provide timely, accurate statewide financial data needed by state government and by external parties such as national bond rating agencies, potential bond purchasers, citizen groups, and agencies of the Federal Government.

- Continue the support of SCEIS until all entities are using the statewide accounting, payroll, procurement, and human resources platform; provide support and assistance for the implementation for DOT; and support improved managerial and external reporting. Work for consistency in accounting controls for improved consistency in information provided by agencies.

Objectives:

- Produce the State of South Carolina's Comprehensive Annual Financial Report (CAFR) and related reports in accordance with GAAP, implementing all new accounting standards required by the Governmental Accounting Standards Board.

- Continue to make the State's audited financial information available as soon as possible and develop methods of resource and time savings in the preparation and issuance of the State's CAFR.

- Receive the Certificate of Achievement for Excellence in Financial Reporting.

Key Results:

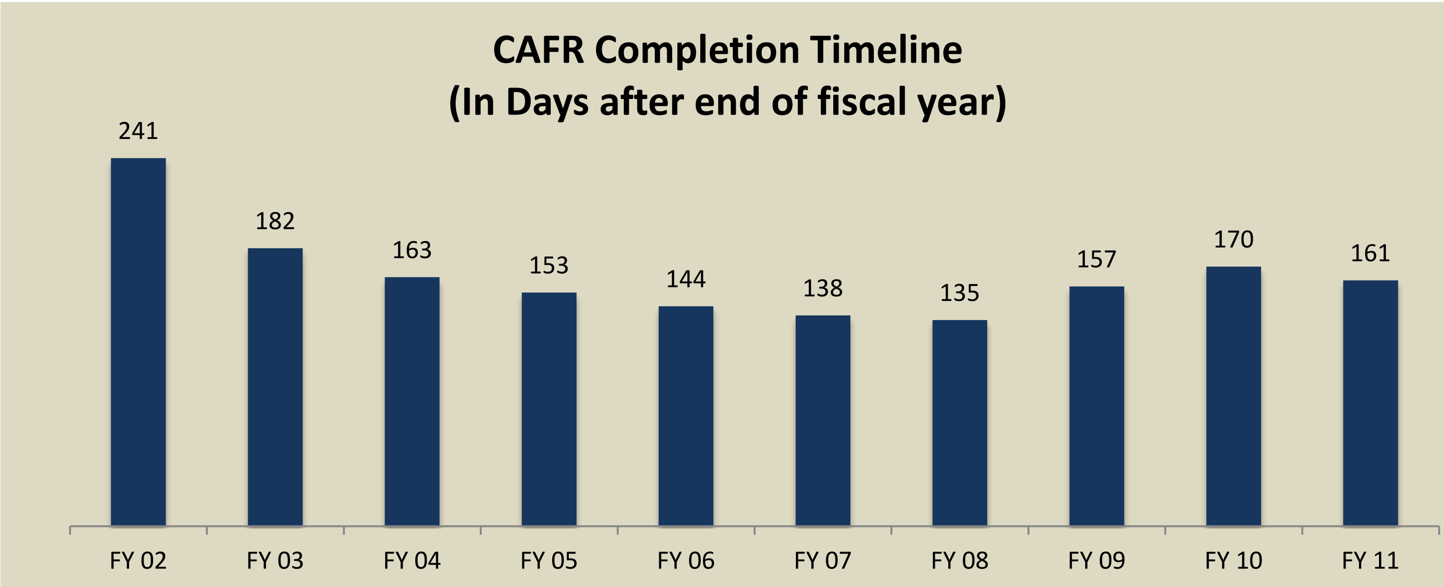
- Independent auditors awarded an unqualified audit opinion to the State of South Carolina's CAFR for the 23rd consecutive year.

  Benchmark: Auditors may award an unqualified audit opinion to a government unit's financial statements only if those statements, upon examination, are determined to be fairly presented in accordance with GAAP. GAAP for governments are nationwide standards that apply to all state and local governments in the United States. The Governmental Accounting Standards Board and certain other national accounting standard-setting organizations define what constitutes GAAP.

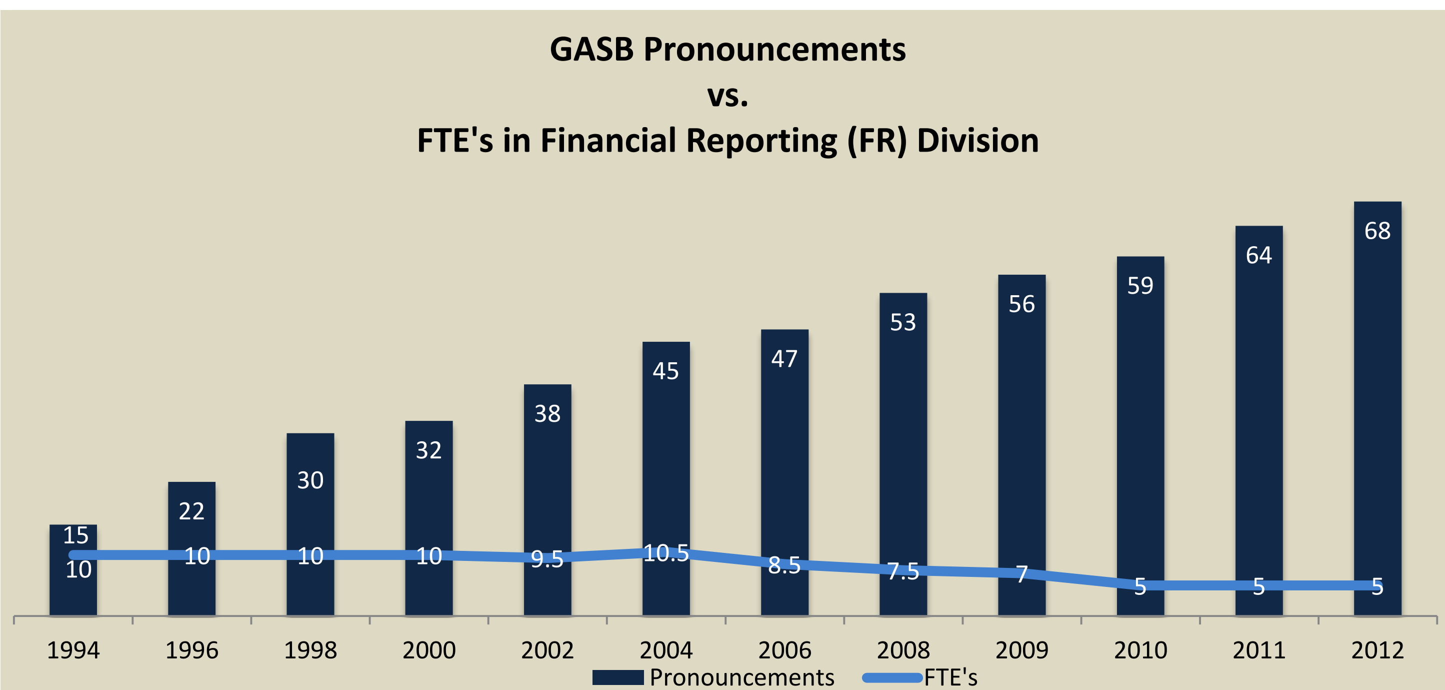
- The Government Finance Officers Association (GFOA) awarded its Certificate of Achievement for Excellence in Financial Reporting to the State of South Carolina's June 30, 2011 CAFR for the 23rd consecutive year.

Benchmark: The GFOA is the premier association of public-sector finance professionals. GFOA's Certificate of Achievement for Excellence in Financial Reporting is awarded to a government unit for a one-year period if its CAFR meets the demanding standards of the GFOA's Certificate of Achievement program. This Certificate is important to the users of CAFR's, including bond rating agencies, investors, financial institutions, and others interested in the financial condition of the State.

	2006		2007		2008		2009		2010		2011
	State	# Days	State	# Days	State	# Days	State	# Days	State	# Days	State	# Days
	NY	112	MI	89	MI	92	NY	115	NY	114	NY	116
	UT	136	NY	114	NY	116	UT	146	UT	141	UT	120
	SC	**144**	**SC**	**138**	**SC**	**135**	MI	150	MI	141	WA	145
	MD	153	UT	143	UT	157	**SC**	**157**	WA	153	**SC**	**161**
	CO	161	ID	160	NC	161	NC	161	NJ	154	MI	161
	ID	161	MN	160	MN	162	MD	164	ID	156	NC	161
	NC	164	NC	160	IA	163	MN	164	NC	161	PA	165
	ND	165	TN	160	MT	163	WI	164	MD	163	AK	168
	MN	167	MD	163	WI	164	VA	167	WI	163	IA	168
	VA	167	ND	165	MD	165	AK	168	VA	167	KS	168
	AK	168	IA	167	TN	165	ID	169	AK	168	MD	168
	NV	168	NV	167	VA	165	CO	171	IA	168	VA	168
	WI	168	NH	167	AK	168	IA	171	ND	168	CO	169
	WA	171	VA	167	NV	168	MS	171	**SC**	**170**	KY	169
	KY	172	WA	167	ND	168	ND	172	CO	170	MS	172
	IA	173	WI	167	WA	170	KY	174	KY	170	MN	173
	MT	174	AK	168	CO	172	MT	175	MN	173	ND	173
	TN	174	AR	168	KY	172	AR	176	NE	173	WI	174
	AR	175	KY	171	NH	172	MA	176	VT	173	AR	175
	MA	175	ME	172	AR	176	ME	176	ME	174	RI	175
	NE	175	PA	173	ID	176	WA	176	AR	175	ID	176
	PA	175	CO	174	MA	176	TX	179	OR	175	TX	176
	WY	175	DE	174	OR	176	AL	182	PA	175	VT	176
	IN	181	OR	174	VT	176	NE	182	TX	181	WY	180
	MI	181	MA	177	NE	177	DE	183	NE	182	AL	181
	OK	181	MT	181	TX	180	IN	183	AL	182	LA	181
	TX	181	NE	181	PA	182	OR	183	DE	182	IN	182
	AL	182	TX	182	AL	183	GA	184	NH	182	ME	182
	OR	182	AL	183	IN	183	KS	184	LA	183	NE	182
	RI	182	IN	184	KS	184	LA	184	OK	183	TN	182
	KS	183	KS	184	LA	184	MO	184	RI	183	GA	183
	LA	184	LA	187	OK	184	OK	184	WY	183	OK	183
	VT	184	OK	213	MO	193	VT	184	KS	184	MA	187
	GA	196	GA	215	GA	200	NH	206	MT	190	NJ	189
	MS	203	VT	215	NM	215	PA	206	GA	191	OR	202
	NJ	210	WY	215	DE	233	WY	210	MA	202	OH	204
	FL	215	FL	240	ME	234	NV	211	OH	205	FL	209
	MO	215	CT	243	MS	234	FL	240	MS	209	MO	209
	DE	227	MO	243	FL	241	WV	241	MO	209	NV	215
	IL	237	MS	244	CT	243	CT	243	CT	212	DE	221
	WV	248	NJ	244	WY	248	NJ	248	IN	240	AZ	225
	ME	250	CA	272	CA	268	CA	253	FL	243	WV	228
	HI	258	WV	275	WV	274	NM	262	WV	243	HI	231
	NH	266	RI	283	RI	284	SD	274	AZ	247	CT	243
	OH	266	OH	303	NJ	305	RI	280	NM	258	NH	244
	CA	271	HI	312	HI	327	OH	304	CA	261	CA	266
	SD	297	AZ	352	AZ	331	AZ	311	TN	272	MT	272
	CT	299	IL	361	SD	348	IL	365	SD	324	IL	337
	AZ	325	SD	369	IL	376	HI	0	IL	365	NM	356
	NM	365	NM	398	OH	463	TN	0	HI	0	SD	356
		199		206		207		190		198		196
Rank		3		3		3		4		14		4
Days improved				6		3		-22		-13		9



Note: To meet the demands of issuing a statewide CAFR, personnel in the agency's Financial Reporting Division are required to work a substantial amount of overtime every year. The continuous increase in reporting requirements, together with more stringent accounting practices, increasingly challenge the agency's ability to issue a CAFR, as well as receive the prestigious Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting, a key measure of performance for any governmental organization. Experience, training, planning, productivity, stable qualified human resources, and effective technology are essential elements that will enable the State to continue to issue a timely CAFR. Additional time was required to produce the CAFR for FY 2011 due to the necessity of realigning staff resources, running parallel accounting systems until the legacy STARS system is retired, and problems with the financial information provided by a large agency. The sooner a CAFR is issued the more relevant and beneficial it is to those who use it.



- Prepared the CAFR in accordance with standards and interpretations issued by the Governmental Accounting Standards Board (GASB). The total number of GASB pronouncements has grown from 15 in fiscal year 1994 to 68 in fiscal year 2012. GASB reporting changes have modified recognition, measurement, and presentation. The GASB continues to modify the accounting and reporting requirements for governments in increasingly complex methods. The number of staff assigned to the process (most of whom must be CPAs) has declined based on available budget resources while the complexity of compliance has increased.

Statewide Accounting Division

Goals:

- Provide centralized accounting of the state's financial activities in accordance with the program structure mandated by the General Assembly.

- Establish and maintain 100 percent of the accounts required to account for the state's financial activities in accordance with the annual Appropriation Act passed by the General Assembly. Each account consists of an agency number, subfund detail, object code, and mini code. During fiscal year 2012, the Accounting Services Division set up 6,855 accounts.

- Respond to public records requests for information within five working days.

Objectives:

- Create a Chart of Accounts, prior to the beginning of the fiscal year, that includes all appropriated and supplemental appropriation accounts; estimate sources of revenue for general, earmarked, restricted, and federal funds; and for agencies implementing a Capital Improvement Bond Program.

- Respond to public records requests for information from this office within an average of five working days.

Key Results:

- Established a Chart of Accounts, prior to the beginning of the fiscal year that included 100 percent of appropriated and supplemental appropriation accounts; estimated sources of revenue for general, earmarked, restricted and federal funds; and for agencies implementing a Capital Improvement Bond Program.

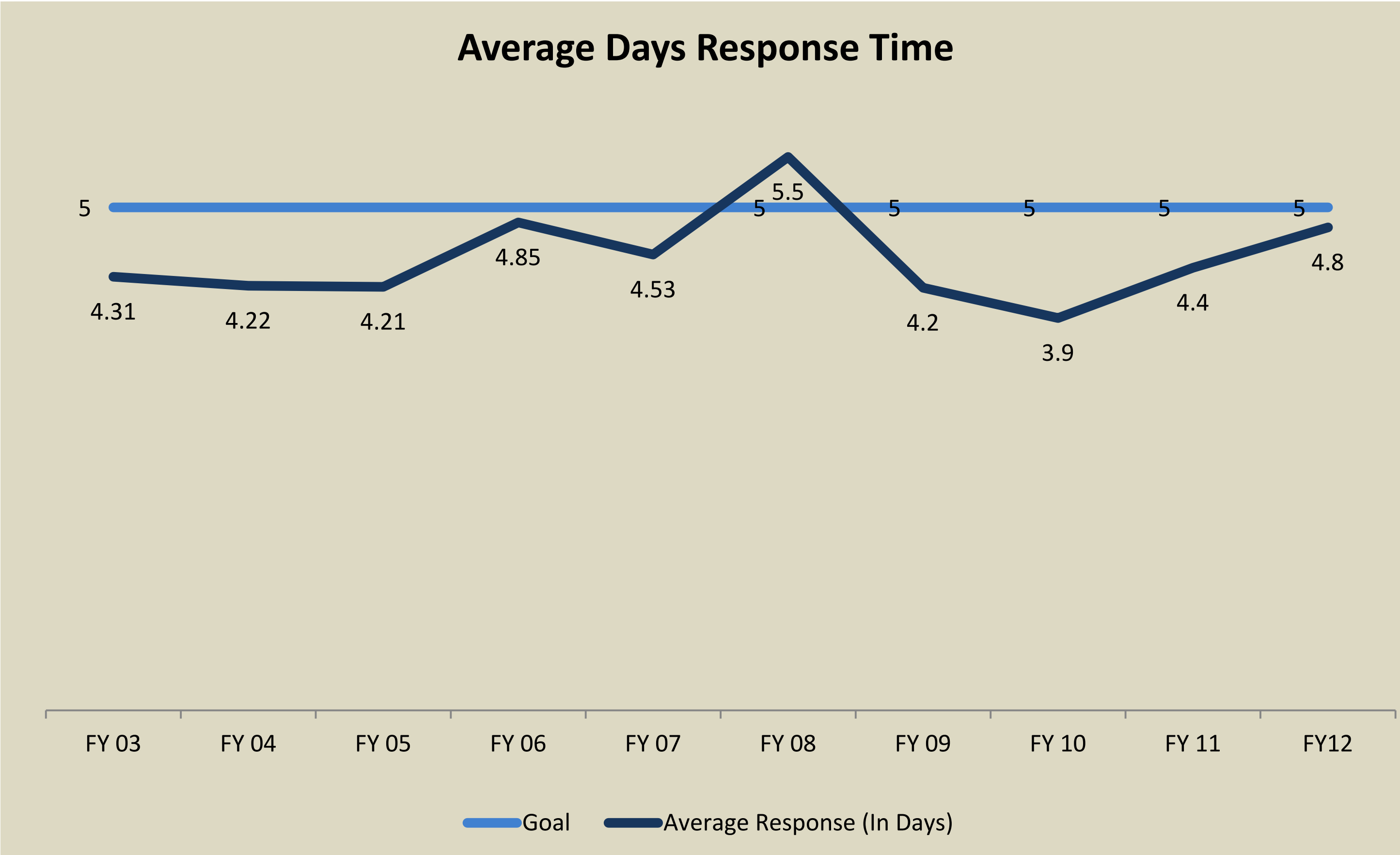
- Provided a significant support to agencies during the SCEIS conversion and year end process.

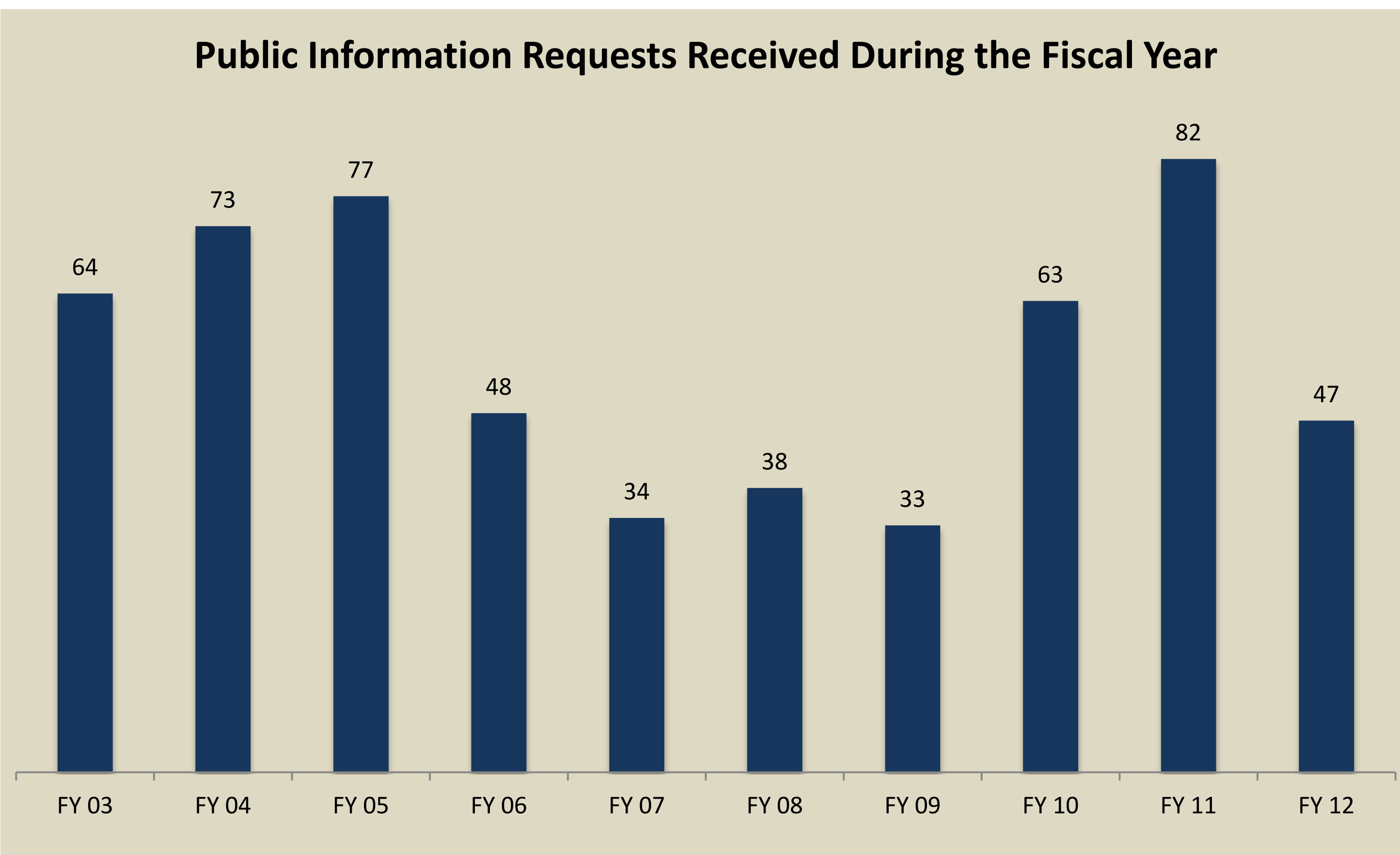
  Benchmark: The South Carolina Code of Laws, Section 11-3-50 requires the Comptroller General's Office to account for all appropriations by the General Assembly.

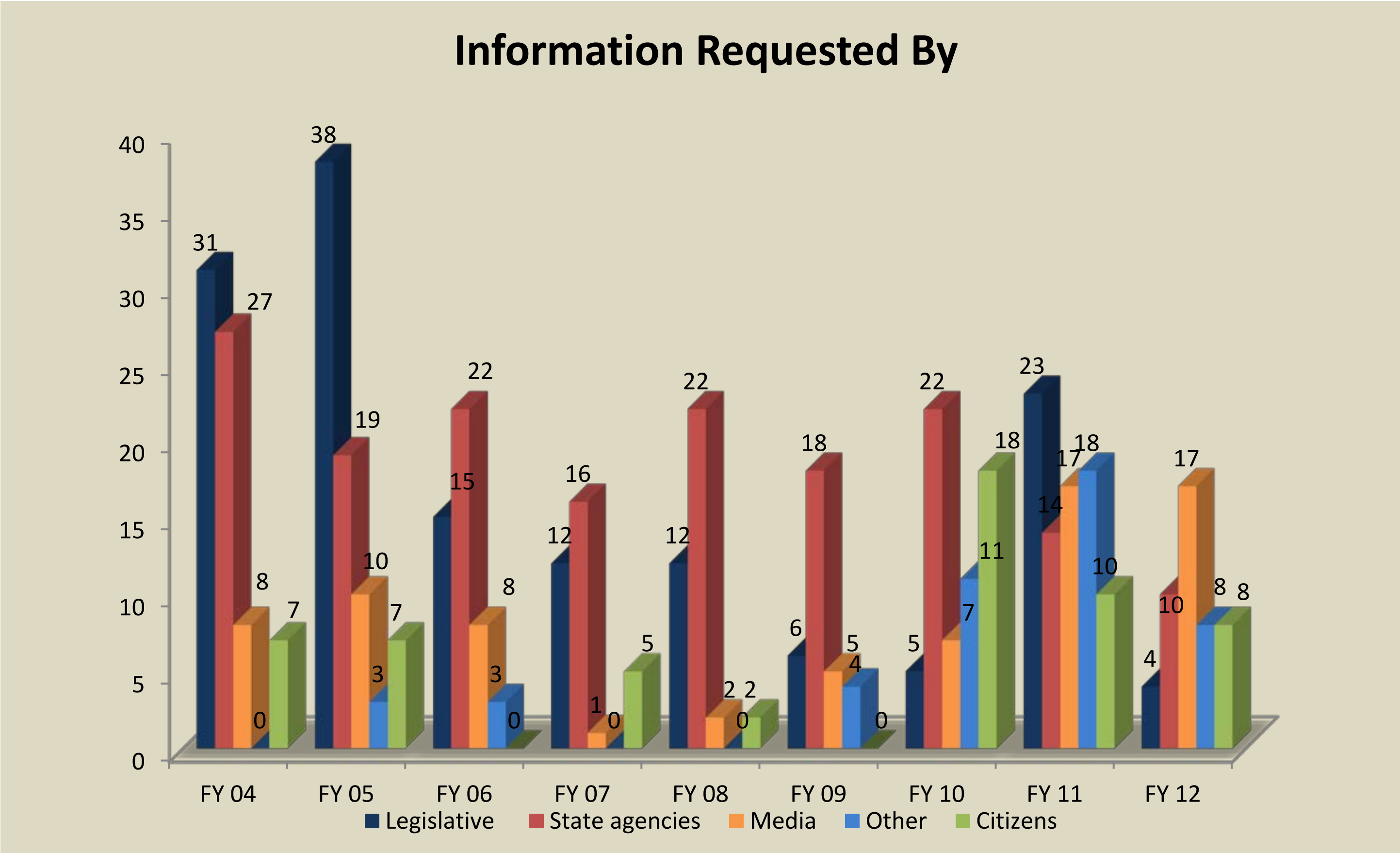
- Processed 9,298 Journal Vouchers, BD100s, and Cash Transfer/Appropriation Transfer documents with a transaction total of approximately $42.5 billion. This year 2,496 documents were processed in STARS and 6,802 documents were processed in SCEIS.

- Responded to 47 public record requests within an average of 4.8 working days.

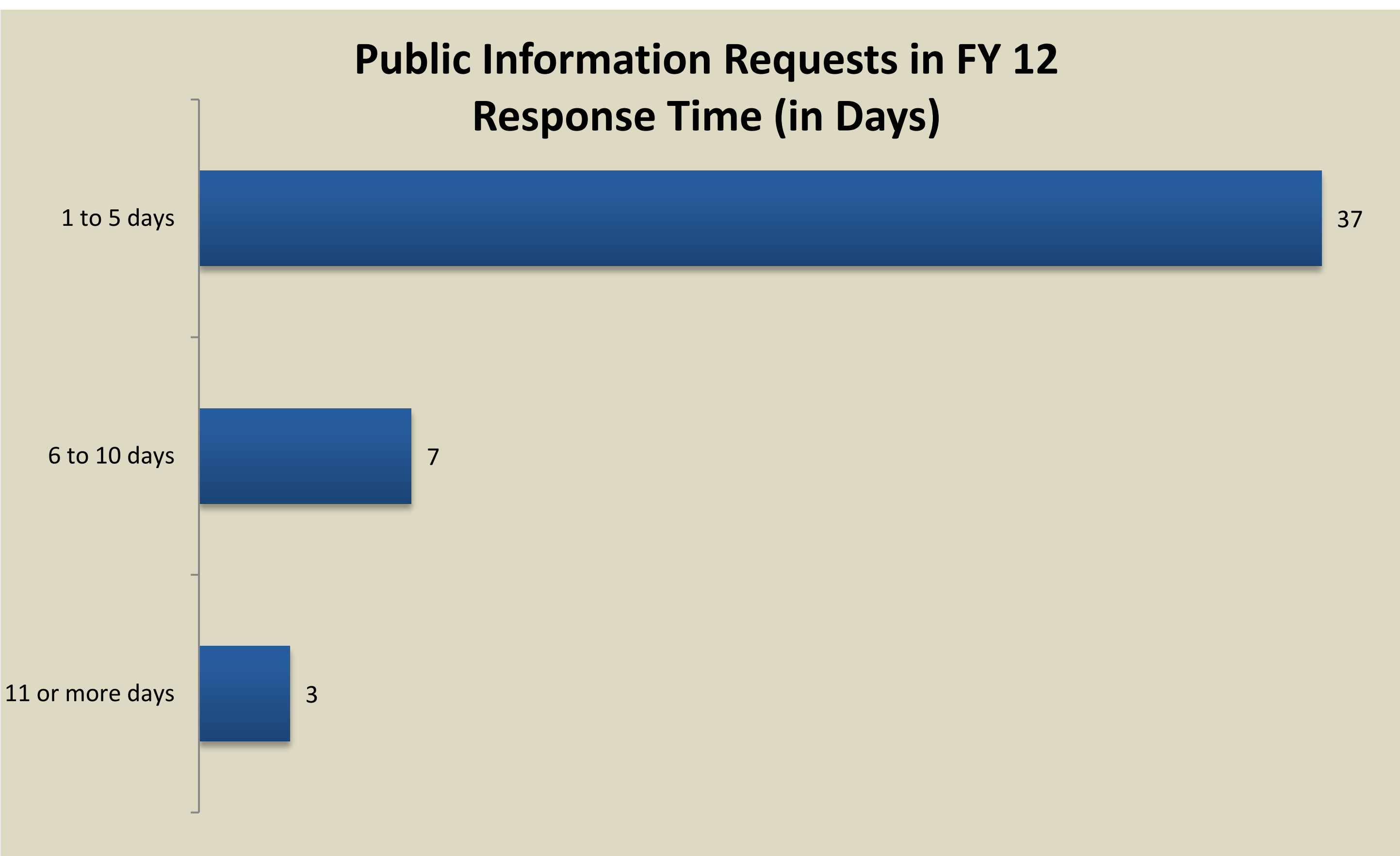
  Benchmark: The South Carolina Code of Laws, Section 30-4-30 (c) states: "Each public body, upon written request for records made under this chapter, shall within fifteen days (excepting Saturdays, Sundays, and legal public holidays) of the receipt of any such request notify the person making such request of its determination and the reasons therefore".


Average Days Response Time
5
5.5
5
5
5
5
5
4.31
4.22
4.21
4.85
4.53
4.2
3.9
4.4
4.8
FY 03
FY 04
FY 05
FY 06
FY 07
FY 08
FY 09
FY 10
FY 11
FY12
Goal
Average Response (In Days)


Public Information Requests Received During the Fiscal Year
64
73
77
48
34
38
33
63
82
47
FY 03
FY 04
FY 05
FY 06
FY 07
FY 08
FY 09
FY 10
FY 11
FY 12



Information Requested By
40
35
30
25
20
15
10
5
0
31
27
8
0
7
38
19
10
3
7
22
15
8
3
0
16
12
1
0
5
22
12
2
2
0
18
6
5
4
0
22
18
11
7
5
23
17
18
14
10
17
10
8
8
4
FY 04
FY 05
FY 06
FY 07
FY 08
FY 09
FY 10
FY 11
FY 12
Legislative
State agencies
Media
Other
Citizens



Public Information Requests in FY 12
Response Time (in Days)
1 to 5 days
37
6 to 10 days
7
11 or more days
3

Administrative Services Division

Goals:

- Provide administrative support functions to our agency in the areas of agency accounting, budgeting and finance, procurement, public and legislative relations, payroll services, human resource services, and employee benefits in compliance with all state and federal requirements.
- Maintain the highest possible customer satisfaction level by meeting customer expectations and by providing quality service delivery.
- Maintain a knowledgeable, well-trained workforce whose educational level and skills level are aligned with the agency's service delivery requirements.

Objectives:

- Provide Comptroller General Office's employees with an efficient, user-friendly payroll and employee benefits system. Coordinate staff development and training.
- Convert the HR/Payroll function from HRIS and STARS to SCEIS.
- Receive no audit exceptions in the areas of insurance, procurement, personnel, and finance.
- Maintain the highest possible employee (internal customer) satisfaction level.

Key Results:

- Maintained and provided payroll and insurance benefits records for Comptroller General Office's employees (100 percent of requirements). Provided information for all EPMS reviews, reclassifications, and performance increases for covered positions.
- Provided 160.50 hours of professional development training for employees. Agency management works to reduce expenses incurred for registration, travel, meals, and lodging for staff training. Since staff training is needed to maintain and improve job skills and development, the agency actively collaborates with other agencies with similar training needs and requirements, including the Department of Health and Human Services, the State Auditor's Office, the State Retirement System, and the Department of Revenue. Through this collaboration, the agencies have developed and presented in-house training at much reduced costs and shared the fixed costs of employees attending audio conferences hosted at state agency sites with other agencies. By using this collaborative approach and cost cutting measures, our agency has been able to reduce much of its staff training costs, including travel. Agency management is aware that the cumulative knowledge gained through experience and education is critical to the successful operation of this agency and

will continue to seek ways to provide relevant, low-cost training for its staff and for the accounting personnel of other interested agencies.

- Maintained basic level of services despite a 44% reduction in filled FTE's since FY 2008.